



Daily Report

East Asia

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11 April 1995

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Japan

Foreign Ministry Refutes U.S. Trade Report

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[FBIS Transcribed Text] Tokyo, April 11 KYODO—The Foreign Ministry said Tuesday [11 April] it has refuted in writing the annual U.S. report on foreign trade barriers which attributed 47 barriers to Japan in eight trade areas. In the 1995 report, the United States complained that foreign products have smaller market shares in Japan than in other major industrialized countries.

But the refutation rejected the U.S. view on the grounds that the validity of the data and the concept of competitiveness adopted in the report need closer scrutiny, the ministry said.

The ministry also brushed aside as untrue the U.S. view that Japan's automobile inspection and maintenance regulations are hindering U.S. auto parts makers from positioning themselves in the Japanese market.

The report was released late last month by the office of the U.S. trade representative. The ministry said it sent its refutation to the U.S. Government Monday.

* Trade Direction With U.S., China Viewed

952B0141A Tokyo THIS IS YOMIURI in Japanese Apr
95 pp 114-127

[Article by Nobuo Noda, Kyoto University professor: "Question of Japan's Direction in the Post-Deng Xiaoping Era"]

[FBIS Translated Text] This article is being written three weeks after the Great Hanshin Earthquake. During this period the people's attention has naturally been focused on the earthquake, and information and views on the subject are being carried daily by television and the press. Whether the Murayama administration intends to make amends for the criticism it received for its delayed response in the quake's early stages, it appears, at least on the surface, to be exerting all-out efforts toward remedial measures.

Although in retrospect it is also natural, while the attention of the Japanese Government and public opinion is focused on the quake disaster, that movements in international politics surrounding it are not at a standstill. Of course, in the sense that the ineptitude of Japan's politics in a crisis and the surprising vacuum at the base of Japan's society were exposed, it was an important international happening. In any case, during the past three weeks, international politics did not halt its rapid movements, including Japan's 17 January disaster, accurately speaking.

Moreover, the changes included a major turning point in the post-Cold War situation in East Asia and elements that will force Japan to make an inevitable and crucial

decision. It is incumbent upon those in power in government, when public opinion is engrossed in such a disaster as the recent quake, to sensitively read changes in the trends of international politics, and to accurately anticipate the responses to them. Conversely, in a domestic emergency like the present situation, the decisiveness and ability for action by the highest leader in the early stages bear great significance toward that end.

That is to say, if the prime minister had decisively and swiftly deployed the SDF [Self-Defense Forces] at the onset of the recent disaster, and had hastened personally to the scene on that day, his role as the highest political leader concerning the disaster should have been generally accomplished. By swiftly responding without missing a beat in the early stage, a feeling of trust that the prime minister was doing his best to cope with the situation would have permeated the people. By securing the people's trust, the prime minister would undoubtedly have been able to leave individual solution measures to the officials in charge and could have engrossed himself in the more pressing problems of foreign affairs.

Poor Judgment Affects the Future

Actually, however, Prime Minister Murayama's arrival after 17 January indicated a totally different situation. On the day of the quake, although fires breaking out in various parts of Kobe City were shown on TV, the government wasted a precious day doing virtually nothing. The prime minister's movements as depicted the following day by the newspapers indicated that he was attending a "friendly discussion meeting on the global environment in the 21st century" from 1105, more than five hours after the quake.

Furthermore, after a press conference on the disaster at 1600, he conducted a friendly discussion with three scholars who appeared to be unrelated directly to the emergency situation. In effect, the prime minister arrived at the scene on 19 January, two days after the occurrence, and his utterly insensitive response was in sharp contrast to President Clinton, who flew immediately to the quake scene in faraway Los Angeles.

Of course, such poor judgment by Prime Minister Murayama, which can only be described as unfathomable, was broadly attacked by the Diet and the mass media. As a result, the prime minister and his advisers began desperately to stage a series of disaster measures to an unnecessary extent to regain his reputation. The newspapers ran such statements as "the prime minister is working hard by cutting his hours of sleep and his close associates are concerned about his health." What is unfortunate for the people is that, once their political leader commits an error in judgment at a decisive moment, the impact leaves a trail like this, and the important issues on which the leader should concentrate remain unattended.

Ambiguous Diplomatic Direction

What kind of statements has the prime minister of Japan made about issues in international politics since the

quake occurred? The only noteworthy statement was his reply to the lower house budget committee on the North-South division of the Korean peninsula that, "I believe we have a historical responsibility as the people of Japan," concerning which he issued a de facto retraction the next day. Based on this fact alone, it is clear that the prime minister who is busy coping with the post-quake situation is ambiguous in his basic policy on foreign affairs and lacks the capability to respond to the situation in Asia surrounding Japan.

Of course it would be overestimating Prime Minister Murayama to say that it is because he is preoccupied with disaster measures. In the first place, he did not forge his own diplomatic strategy prior to his assumption of office and, whether the quake took place or not, his diplomatic policy was only haphazard. Our misfortune is that we must face the changes in the Asian situation—which are the most drastic of the past 40-odd years—under a figure who has already failed as a leader in his response to an emergency situation in the form of a domestic calamity, and who utterly lacks any direction on foreign affairs.

How is the situation in East Asia changing while Japan's government and public opinion are obsessed with the quake disaster?

At this point in early February when this article is being written, there are various rumors about Deng Xiaoping's illness, and it is difficult to ascertain the truth. However, since early this year, China's supreme powerbroker, who is already more than 90 years old, is rumored to be seriously ill, and the Hong Kong newspapers are carrying news of secret struggles over his succession that have suddenly become graphic. Although it was long expected, with the succession issue as a pivotal point, China is unmistakably facing its most crucial crossroads since 1949 of either maintaining unity or splintering.

No one can present a clear perspective concerning China in the post-Deng era. A recent report (see note) by the U.S. Senate sees a 50-50 chance that China (after a transition period under a collective leadership system) might undergo a Soviet-type disintegration following Deng's death. It also forecasts that, if China continues to be unified, there is a 30-percent possibility that it will generally maintain its present form of existence, and only a 20-percent chance that it will turn toward liberal reforms acceptable to the West. The report does not rule out the possibility that a leader of the hawkish line, who has captured the support of the army amidst the power struggle, might appear to enhance China's nuclear capability and pursue an anti-U.S. or anti-Japan course. On the other hand, it sees the possibility of the regions acquiring greater power and, as a result, easing China's threat toward the outside world. At the same time, it envisions the regional leaders in command of their respective organizations and China overall thus falling into chaotic circumstances.

Thus, as long as it is not easy to foresee whether post-Deng China will maintain unity or will fracture, Japan must

establish a strategy to cope with either situation. For example, assuming that China's unified regime continues, the contradiction between its political system and its economic growth should be expected to widen rapidly, and both its external frictions and politico-social confusion will continue to rise. Even in early February when Deng was viewed as barely clinging to life, the contradiction between the domestic system and steady economic growth approached a saturation point, and concurrently signs of intensifying external frictions appeared.

Imminent U.S.-China Trade War

The most conspicuous example is the rough sailing of the U.S.-China trade talks and an imminent trade war wherein both sides mutually apply tariff sanctions. The direct cause of discord between the two nations was that the United States could no longer tolerate the invasion of its intellectual property rights inside China where pirate copies of U.S.-made compact discs and software continue virtually unrestricted. Of course, because a plunge into an all-out trade war with China will hurt the United States significantly, the possibility of a compromise between the two sides cannot be ruled out.

A Nation Under "Rule of Man," Not "Rule of Law"

However, we must not forget that China's external frictions over economic issues are not limited to relations with the U.S. alone. When the international economic conference in Davos, Switzerland, was held in late January with China's delegate also attending, an executive of the German Bundesbank traveled to the site and expressed strong dissatisfaction with the failure of Chinese companies to repay their external debts. Providing the backdrop was the circumstances, not limited to the Bundesbank, of broad international concern about the unpaid obligations of the Chinese firms. Against such protests, the Chinese Government authorities merely replied that the repayment of debts was a problem of the individual companies and not the government.

What does the series of disputes between China and the Western nations over intellectual property rights and the repayment of debts imply? In a word, it proves that China's political and legal systems are at much lower levels than appropriate for a market economy. To use a trite expression, China's politics and society remain in the realm of the "rule of man," and a hopeless chasm exists between it and the level of the "rule of law."

As long as "man" carries far more weight than "law," when the time for a change in the highest leadership approaches, the web of human relationships become decisively significant and the rule of economic activity cannot escape being ignored outright. In fact, the reason why China continues its stubborn posture on the issue of intellectual property rights is because it is deeply linked to a power struggle among its leaders over Deng Xiaoping's successor. According to foreign news sources, it is the regional powerbrokers who are enriching themselves

through the pirate manufacture of compact discs and software, and the politicians aspiring to the position of Deng's successor cannot afford to make enemies of the regional kingpins by acceding to U.S. demands.

In this connection, it would be well to remember that, when Deng made his last trip to Guangdong, he personally visited a notorious pirate manufacture plant and it was widely publicized. In view of this, it is clear that Deng himself has been deeply involved in corporate activities that violate international rules.

Corporate Strategy Oriented Toward China

A deep-rooted belief still exists in Japan that China will continue its present favorable economic growth to surpass Japan greatly in the early 21st century and become a world economic power. A variety of companies of various scales are already rushing to participate in the huge market which they believe will result in the 21st century from such continuous growth, and they are seeking a shift in their China strategies.

Recent press coverage in Japan shows recurring reports of Japanese companies establishing joint ventures with regions in China and embarking on large-scale local production and sales. For example, the project director of a prominent electrical machinery producer was featured by the Kansai edition of a national newspaper, and he talked about his company establishing a joint venture with a city in China's Anhui Province where it began to manufacture washing machines in November 1994.

According to the director, the future for joint ventures in the China market is extremely promising, and remarkable growth can be expected for washing machine production. He says: "The demand in 1994 for washing machines (in China) was 7.7 million units. At a growth rate of 5 percent a year, total demand in the year 2000 will reach 10 million machines. Because both husband and wife normally work, the number of automatic washing machines can be expected to increase rapidly and reach a growth rate of 20 percent a year."

Given the stagnant business conditions in Japan, when such a bright future in the China market is reported, it is extremely natural for many entrepreneurs to seek entry into the China market for their companies. The population in Anhui Province is 59 million, which equals about half of Japan's total population. Consequently, if the huge population is visualized as consumers hungry for washing machines, vacuum cleaners, and refrigerators, it is a dream market for managers in Japan who are wracking their brains hoping to cultivate markets. There are numerous huge virgin consumer territories throughout China, and Japan's economic circles cannot be blamed for feverishly seeking entry into China.

Troubles Related to Contracts Occurring

If so, how should the aforesaid economic disputes in China with the United States and Germany be viewed? If

such disputes are attributed to China's outdated political and legal systems, Japan also cannot avoid facing similar problems sooner or later. In fact, among Japan's companies trying to enter China are some that encountered troubles in forming contracts with the local authorities and were forced to withdraw in the midst of the process.

As a further cause for anxiety, when Finance Minister Takemura visited China last January immediately prior to the great earthquake, the Chinese Government complained that the high yen had made it difficult for it to repay its yen debts and it implicitly requested a change in the repayment method. As this incident plainly illustrates, the Bundesbank's worries concerning China's debt repayment can also apply to Japan. In the first place, for China with its overheated economic growth accompanied by a 24-percent inflation rate, faithful repayment of its external debts is not easy. It also means that there is ample risk that Japan's huge loans to China may become unpayable.

Nonetheless, at least at this moment, why is it that economic frictions similar to U.S.-China frictions have not arisen at the Japan-China governmental level? The greatest factor is probably that there is a major difference in the ways the U.S. Government and the Japanese Government grapple with the China problem. The U.S. trade authorities think that, despite any impact on the entry of U.S. companies into the Chinese market, now is the time to apply pressure on China to observe the basic rules of the global economy, and they are attempting to do so.

In contrast, Japan's Government and economic circles give top priority to entry into the China market by Japanese companies, and they adopt a posture of closing their eyes to a certain amount of rule violations by the Chinese side in order to avoid frictions. With additional non-economic factors such as atonement for its past history in China, Japan's posture toward China is weak to the point of timidity.

As to which China strategy by the United States and Japan is more advantageous, Japan's is clearly preferable in the short run. The tough questioning of China's rule violations by the U.S. side naturally invites China's rebuttal and reprisal, greatly hampering entry into the China market by U.S. companies. In comparison, Japan's tolerance toward China provides smooth access to the China market at least for the time being, and opens the way to large profits. However, from a somewhat longer-range viewpoint, it is already foreseeable that Japan's style will come up against China's putdown of global economic rules somewhere and lead to its ruination. In such a case, the economic damage suffered by Japan will inevitably be enormous, given the already considerable scale of involvement in China by the Japanese Government and companies.

Also U.S.-Japan Trade War Over China

Another point of caution for Japan is that China is clearly aware of Japan's open ambition to use the aforementioned disparity in the China approach between Japan and the United States to Japan's benefit.

Also, during the recent U.S.-China trade dispute, the Chinese side posed the following clear threat. "If the United States opts for sanctions against China, the joint ventures on auto production in China planned by the U.S. automakers such as Ford will be halted. The stoppage in the deal with the U.S. automakers will give a chance to the Japanese (and European) carmakers to penetrate the China market." If the Japanese Government and companies are enticed by China and attempt to control the China market by pushing the U.S. aside, the present Japan-U.S. economic frictions will be aggravated by developing into a struggle for the China market, and the Japan-U.S. relations which once evolved into a tug of war before World War II will inevitably recur intact.

In any case, while Japan was preoccupied by the Hanshin quake disaster, the U.S.-China faceoff over trade issues reached a considerably dangerous level. Needless to say, the human rights issue, China's export of arms-related technology and the Taiwan issue are also deeply intertwined.

"China Remains an Autocratic State"

Regarding the human rights issue, the U.S. State Department recently made public a report which pointed out that "China has shown no progress on this issue during the past year." According to the report, freedom of speech and assembly is still not guaranteed in China, an estimated several thousand "thought criminals" are still detained, and torture and mistreatment of the detainees continue. The report declares that "China is an autocratic state where the communist party continues to monopolize every right of decision." Last year, U.S. President Clinton switched to a policy in which he "expects progress by China on the human rights problem based on recognizing an unconditional extension of the most-favored-nation treatment in trade with China." However, the recent State Department report suggests that the shift in the Clinton administration's China policy has failed completely. If so, it is highly possible that the U.S. Government will again link the trade problem to the human rights problem in China and move to a yet sterner posture.

Regarding the Taiwan issue also, in view of the Republican majority in both the Senate and the House, the possibility of a sharp rise in U.S.-China tensions cannot be ruled out. Republican House Speaker Gingrich, who has recently gained an increasingly stronger voice, aggressively supported Taiwan's UN membership in early February and also stated that President Li Tenghui should be permitted to visit the United States. The Clinton administration itself presently agrees with the Beijing government's position of "one China," but has

sought to gradually elevate Taiwan's international status by changing the title of the Taiwan representative's office in Washington from the "North American administrative cooperation committee" to the "Taipei economic and cultural representative's office in the United States," and by sending Transportation Secretary Pena on a visit to Taiwan in December 1994.

In late January, China's General Secretary Jiang Zemin called on Taiwan for an "early conference between the leaders of China and Taiwan" and simultaneously announced an eight-item proposal including the abandonment of military force by the Taiwanese under the slogan, "Chinese do not fight against Chinese." This impetuous approach by the Chinese Government was probably based on a desire to regain the initiative in view of the aforementioned involvement of the U.S. Government's Taiwan policy. Meanwhile, Taiwan's President Li announced in early February his intention to actively evaluate General Secretary Jiang's overtures.

Nonetheless, it is an oversimplification to assume that China-Taiwan relations can be improved overnight. Rather, such intertwining factors as a worsening of Deng's illness, the U.S. Government's approach toward Taiwan and a subtly balanced opinion within Taiwan can be seen as having rapidly increased fluidity in the so-called "relations between the two shores," resulting in instability.

Increasingly Fluid "Bi-Shore Relations"

When I visited Taipei late last year, I was surprised to see a high stack of books in a bookstore front entitled, *Military Invasion of Taiwan by China in August 1995*. It was apparently a futuristic novel visualizing a military attack on Taiwan by China in 1995, and the fact that such a novel was a bestseller indicates the anxiety among the people of Taiwan that anything could happen during the increasing fluidity in relations between the two shores. Like North-South relations on the Korean peninsula, post-Cold War international relations have become increasingly destabilized and, while a rapid easing of tensions is possible on the one hand, there is also a latent possibility that the situation will turn suddenly in the worst direction. The Japanese cannot rely on the baseless optimism that a situation similar to those on the Balkan Peninsula or the Caucasus will absolutely not occur in East Asia.

To repeat, regarding either trade, human rights, or the Taiwan problem, there is no reason for the U.S.-China faceoff to move directly and totally toward a showdown. Even while this article is being written, the Chinese side shows signs of compromise on the issue of intellectual property rights, and the possible resumption of the once-disrupted mutual trade talks is being reported. However, while such advance-and-retreat moves are seen, the basic outlook that overall U.S.-China relations in the post-Deng era will become increasingly tense on both sides is probably accurate.

That is to say, the bilateral confrontation is considered to be rooted not only in the disparity in interests concerning individual trade problems but also—although it may sound somewhat exaggerated—in the difference between the two civilizations (or the two imperialist principles). It is well known that Harvard University Professor S. Huntington attempted in his treatise in the magazine FOREIGN AFFAIRS to find the axis of international political confrontations in the post-Cold War era between “Western Christian civilization” and the “Confucianism = Islam connection.” However, in his treatise the political scientist did not delve into the concrete meaning of the cultural contrast between the U.S. which belongs to the Western Christian culture and China which represents the Confucian culture.

U.S. Eager To Inculcate Western Principles

In my view, in effect the cultural confrontation between the United States and China can be attributed to the contrast between “rule of law” and “rule of man.” When the United States with the Western Christian civilization as its background talks about human rights and freedom, it is premised on the modern concept of “rule of law.” Also, a salient fact about the United States as compared with other Western nations is that, after it embarked on expansionism in the Pacific-East Asia region with the end of its “frontier” at home near the end of the 19th century, it has found its mission in disseminating Western principles such as human rights, freedom, and the rule of law, particularly in East Asia. The victory over Japan in 1945 and the subsequent reform of Japan’s regime was merely a phase in the realization of the U.S. mission.

In postwar United States, the initial zeal in expanding Western democracy to Eastern Europe and the Soviet Union is definitely fading. However, like the era of the two world wars, although U.S. interest in Europe is declining, it continues as a burning sense of mission in East Asia. That is the reason why, despite its fluctuating human rights diplomacy vis-a-vis China, it is constantly being resurrected.

On the other hand, the reality of the “rule of man” practiced in China on the basis of the Confucian culture has not changed basically from the early 20th century when Max Weber discussed China in his book, *Confucianism and Taoism*. Weber viewed China as one of the two most typical “great family-states” on a par with ancient Egypt under the control of pharaohs. However, even after communist control for nearly a half-century in the 20th century, China has not basically changed.

It is similar to Russia, which after 74 years of communist domination had not changed essentially from the tsarist era in the early 20th century in its adaptability to the West European style of freedom and rule of law. (The family-state here means roughly a state where the private household economy of the ruler is expanded intact into control of the state, and the distinction between public and private become lost.)

China Unable To Rise Above “Family-State”

The fact that in China the “rule of man” is predominant and Deng Xiaoping as the supreme ruler presides like a king in the family-state, that the local bosses of the communist party enrich themselves in the regional economies, that overall distinction between public and private has become nebulous, and that behavior that would be considered corruption in a Western-style modern “rule of law” state runs rampant, proves that China remains a state of a family-controlled (rule of man), premodern state. Bureaucratic control by the communist party in China should be considered as closer to the family-controlled type of bureaucratic system based on historical tradition rather than the modern bureaucratic system based on law.

If such fundamental differences in the principles of government provide the backdrop to the confrontation between the United States and China over intellectual property rights and human rights, fundamental solutions are also naturally difficult to find. Also, it must not be forgotten that the two nations are not ethnic states in the normal sense, but that both have multiracial makeups and are “imperialist states” seeking to expand their spheres of influence beyond their national borders. In this sense, both the United States and China share common qualities and differ greatly from Japan, which is highly homogeneous and hermetic as an ethnic state.

In this borderless age when people, goods, capital, information, and crime easily transcend national borders, a state like Japan with a high degree of cohesion as an ethnic state faces the risk of heading toward decay due to a lack of adaptability. During the past century and a half when Japan’s scale of economic activity was appropriate for an ethnic state, it was able to achieve relatively stable economic progress due to its strong ethnic and cultural unity. However, in the recent broadening stage of economic activity, given Japan’s lack of experience in multiracial regional control during its imperialist past, it can easily deteriorate as a state in every aspect.

In contrast, states like the United States and China with multiracial makeups and inherent imperialist aspirations can stand in superior positions in overall international politics, including economic activity in the borderless age. However, as the world is divided into several empires in the borderless age, serious confrontations can easily arise over the demarcation lines among the empires. Such a confrontation between the United States and China is about to arise in East Asia and, because Japan is positioned near the demarcation line between the two empires, it is virtually impossible for it to avoid becoming involved in the confrontation/struggle.

Under the Wing of Either the United States or China

However, as was just mentioned, because Japan lacks the conditions to maintain far-flung order by itself as an empire, its only alternative is to choose one of the two empires (United States and China) and to participate in its

order. Or rather, Japan has been under the umbrella of the U.S. empire for the past half-century since 1945 and has achieved economic growth as an ethnic state under de facto U.S. protection on the one hand, while being exposed to its severe demands concerning trade, etc.

Consequently, the options presently available to Japan are to either remain under U.S. imperialism with the Western Christian civilization as the backdrop and to participate in the formation of an East Asia order including China in cooperation with the United States, or to leave the U.S. umbrella to approach China and find its own place in an East Asia empire order centering on China.

From a very short-term standpoint, the latter option is highly attractive in the sense that it will free Japan from severe U.S. demands concerning trade and lead it to participation in the huge China market. However, a modern rule of law is yet to be established in an East Asia empire centered on China and the distinction between public and private is still nebulous at best under a family-state type of control. Moreover, in view of its historical past, China will use every means to bring Japan with its economic strength into its "central kingdom versus barbaric states" type of order. From a long-range point of view, if Japan rides on the recent tide of Asianism to separate from America and enter China's empire order, the ultimate result is clearly foreseeable.

Of course, in case post-Deng China splits internally into a number of regions, Japan must be further cautious about approaching China based on economic interests. The reason is that, in such a case, like the rivalry among military cliques at the turn of the century, small family-state rulers will emerge in various parts of China and, in the process of economic involvement with them, Japan will face a great risk of becoming mired in an Asian type of chaos without a clear distinction between public and private. In order to avoid repeating the mistakes of the early 20th century, Japan must base its policies—in case such an internal fragmentation occurs in post-Deng China—on avoiding a clash of interests between the U.S. over measures to cope with the situation.

China-Entry Fever Already Passe?

In retrospect, the Great Kanto Earthquake of 1923 occurred immediately after the cooperative system between the world powers was established concerning the Pacific-East Asia order at the Washington Conference held from 1921 to 1922. Also, during only several years following the Kanto quake, the advocates of the Washington system in Japan or the faction supporting cooperation with the United States and Britain was overwhelmed by the military and their clients who placed top priority on the protection and expansion of the "rights and interests in Manchuria and Mongolia," sparking the beginning of Japan's historical downfall. Today, unlike those times, given the absence of a military clique that advocates a tough line concerning the

China mainland, it may seem impossible to repeat the same mistakes. However, is it so?

At least in the sense that a deep-rooted anti-U.S. or dislike-U.S. sentiment exists among the people and that there is a rising tide that seeks a new horizon on the China mainland under Asianism, the atmosphere in Japan surrounding the Great Kanto Earthquake and the Great Hanshin Earthquake are eerily similar despite the span of 70-odd years. The recent successive China shifts by Japanese companies are as was mentioned previously, but the government is leaning increasingly toward China as evidenced by the example of Finance Minister Takemura immediately prior to the Hanshin quake and his statement that generous supplemental loans in a huge amount will be considered. Or rather, when we learn that the finance minister's generous offer was made in disregard of Japan's Foreign Ministry, we cannot help thinking that the trend is similar to the 1920's in the sense that Japan's China diplomacy has lost its unity and is beginning to diversify.

To repeat once again, under an administration which has already exposed its limitations in its response to the Hanshin earthquake, nothing is more unfortunate for the Japanese than having to face the most difficult phase in East Asia's international affairs equalling the 1920's.

[Boxed item: *Profile of Nobuo Noda—Professor of jurisprudence at Kyoto University and commentator. Born in 1933 in Okayama City. Graduated from Kyoto University Literature Department. Majored in modern and recent German history; in present position since 1991. Principal publications include: From Cultured Citizen Class to Nazism, Crisis in History, and Revenged by History at End of Century.*]

Takemura To Press U.S. on Steps To Defend Dollar

OW1104095495 Tokyo KYODO in English 0936 GMT
11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Finance Minister Masayoshi Takemura will urge the United States to take strong steps to defend the dollar against a further fall during an upcoming meeting with U.S. Treasury Secretary Robert Rubin, ministry sources said Tuesday [11 April].

Takemura will make the appeal to Rubin, taking the opportunity of a weekend meeting of finance ministers from the Asia-Pacific Economic Cooperation (APEC) forum in Indonesia, the sources said.

Behind the expected request is Tokyo's growing irritation over what it views as Washington's lukewarm efforts to defend the world's key currency, the sources said.

In the meeting, Takemura wants to elicit a strong commitment from Rubin for action to calm the yen's rampant rise against the dollar, such as reducing the U.S. budget deficit, the sources said.

But analysts are skeptical about tangible accords coming from the meeting.

One former Japanese vice finance minister for international affairs said Washington has no strong motive to act immediately because the dollar's downtrend does not hurt the U.S. economy, which is now in good shape with stock prices rising and long-term money rates stable.

Takemura pins high hopes on talks with Rubin because a meeting of top finance officials from the Group of Seven (G-7) key industrial countries expected to be held in Washington on April 25 is unlikely to take up serious talks on the currency issue, the sources said.

In a meeting Monday with Takemura, Canadian Finance Minister Paul Martin said the yen's rise is a disturbing factor for international trade and economies.

But Martin also said the dollar's weakness is basically a bilateral issue to be handled by Tokyo and Washington, pointing to a need for each nation to make efforts to turn the situation around—Japan to reduce its huge current-account surplus and the U.S. to cut its large federal budget deficit.

A senior Finance Ministry official said the two countries need to show strong resolve on the currency market before the upcoming G-7 meeting of finance ministers and central bank governors.

The Takemura-Rubin meeting may affect the fate of the government of Prime Minister Tomiichi Murayama, which has been under pressure from political and industrial circles to work out steps to rein in the yen's surge.

Takemura will urge Rubin to come up with specific dollar-defending measures while showing Tokyo's commitment on improving its current-account imbalance, to be reflected in an emergency pump-priming package set for release Friday, the sources said.

If no agreements come from the meeting, the currency market will come under further speculative pressure for dollar selling, the sources said.

LDP Critical of U.S. Over Forex Turbulence

OW1104051295 Tokyo KYODO in English 0435 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Leaders of the ruling Liberal Democratic Party (LDP) on Tuesday criticized the United States for not doing enough to stabilize the recent wild fluctuation in the yen-dollar exchange rate, LDP officials said.

The criticism came during a morning liaison meeting of leaders of the LDP, the largest force in Japan's three ruling parties.

Koichi Kato, chairman of the party's Policy Affairs Research Council, was quoted as saying, "The U.S. seems to be unaware of the responsibility of the dollar as the world's key reserve currency."

Japan should examine the reasons the U.S. cannot slash its fiscal deficit, he also said, according to the LDP officials.

Kabun Muto, chairman of the party's Executive Council, joined Kato and said, "Japan should bring up the U.S. fiscal deficit problem at international talks."

Muto also said the Finance Ministry should take the leadership regarding a discount rate cut and that the number of yen-based settlements of merchandise deals should be boosted to try to make the yen the world's major reserve currency, according to the officials.

Leaders Negative on Yen Package Surplus Target

OW1104033195 Tokyo KYODO in English 0319 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Government leaders Tuesday all but shot down the idea of putting current account surplus-cutting targets into an emergency package to fight the high yen. But they seemed to reserve judgment on the possibility of later adopting such targets, which surfaced Monday night in ruling coalition party talks on a package to brake the yen's rise.

The government will likely not spell out targets to cut the surplus, seen as a prime factor behind the yen's surge, in the package to be compiled Friday, said Economic Planning chief Masahiko Komura.

"I think it's extremely difficult," the director general of the Economic Planning Agency told a news conference. "It's difficult to promise publicly things that cannot be done one way or another through Japanese Government policies."

Trade Minister Ryutaro Hashimoto, while not explicitly ruling out such targets, told a separate news conference the government should not debate them for the current package, ordered Monday by Prime Minister Tomiichi Murayama.

"There's a concern that targets can take on a life of their own, so we shouldn't debate them for the package to be compiled April 14," said Hashimoto, head of the Ministry of International Trade and Industry (MITI).

Finance Minister Masayoshi Takemura, speaking at his own news conference after a morning cabinet meeting and a yen-package of powwow Murayama and economic ministers, avoided direct comment on whether the package would include a surplus target but said Japan must work to cut the huge surplus.

"I cannot support agreement on a certain target between governments," Takemura said. "But inspecting visible figures of current account and trade is an important theme for us."

Takemura was less explicit than his senior bureaucrat, Vice Finance Minister Jiro Saito, who said Monday that "the government's position is that such a target is undesirable."

Current account surplus-cutting targets emerged as a possible item for the yen-weakening package during talks in the Liberal Democratic Party. Japan's huge excess in trade outflows create demand worldwide for yen to pay for Japanese goods exceeding the demand for dollars.

Takemura said Japan must find specific ways to boost domestic demand and further deregulate the economy to help curb the yen.

Hashimoto indicated MITI has nothing new to offer beyond such old topics as assistance for smaller businesses, and called again to cut the securities transaction tax to boost the long-slumping stock market, also an object of the current package.

"It's not that we have anything absolutely new," he said. "I want to raise issues that don't stop at MITI's jurisdiction, including measures to revitalize the securities markets."

Murayama Negative on Target

OW1104083595 Tokyo KYODO in English 0804 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Prime Minister Tomiichi Murayama expressed a negative view Tuesday [11 April] on the idea of setting numerical targets to slash Japan's mammoth trade surpluses in a bid to arrest the yen's nonstop rise against the dollar.

"As a matter of fact, it is difficult to do so," the premier told reporters, adding only that the government will announce a comprehensive pump-priming package by Friday.

The idea of setting numerical targets has come to the fore within the ruling coalition based on the perception that the yen's solo advance to record high levels is due to the nation's trade surplus of about 130 billion dollars.

Chief Cabinet Secretary Kozo Igarashi echoed Murayama's view, saying, "like the premier, I think it is a difficult idea to implement."

Saying the government is striving to draw up an economy-spurring package, the top government spokesman declined to comment on what will be included among the planned stimuli.

Domestic Demand Stimulus Urged

OW0704123095 Tokyo KYODO in English 1221 GMT 7 Apr 95

[FBIS Transcribed Text] Yokkaichi, Japan, April 7 KYODO—Prime Minister Tomiichi Murayama said Friday [7 April] his government will seek to stimulate domestic demand in order to reduce Japan's trade surplus and help control the yen's surge.

He made the remark in this major industrial city in Mie Prefecture, central Japan, while addressing street crowds on a tour to support a local gubernatorial candidate.

Murayama said the government will also coordinate with the United States and European industrial nations to stabilize the volatile foreign exchange market.

He said the government is also seeking Diet approval of the fiscal 1995 supplementary budget during the current session, including measures to stabilize the yen, aid smaller industries and promote reconstruction of the region devastated by the Jan. 17 great Hanshin earthquake.

Government Leaders Discuss Yen-Curbing Package

OW1104023795 Tokyo KYODO in English 0221 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Prime Minister Tomiichi Murayama and key cabinet ministers began discussing Tuesday [11 April] the contents of a pump-priming package to be drawn up Friday to combat the surge of the yen and its possible adverse effects on the economy.

The ministers are Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura, International Trade and Industry Minister Ryutaro Hashimoto, Economic Planning Agency [EPA] Chief Masahiko Komura and Chief Cabinet Secretary Kozo Igarashi.

Igarashi, the top government spokesman, declined to reveal what was discussed in the session.

At a regular cabinet meeting earlier in the day, Murayama told his ministers that he ordered the EPA chief to draw up a comprehensive and substantial economy-spurring package so as to arrest the yen's climb and help get the economy back on its feet.

The planned package will include steps to help small- and medium-sized enterprises hard hit by the Japanese currency's continued climb, as well as measures to reform the nation's economic structure.

Also Tuesday, Bank of Japan Governor Yasuo Matsuhashita reiterated his determination to take action against the yen's advance in cooperation with monetary authorities in other countries.

"The current exchange rates are far from reflecting each nation's economic state," Igarashi quoted Matsuhashita as saying at a cabinet meeting on a monthly report on the nation's economic condition.

"Monetary authorities in the nations involved share the same perception," the central banker was quoted as saying.

"We would like to keep in close touch with one another, take joint action and send a signal to the markets," he said, noting they have already been trying to get across their message.

The dollar touched a global low of 80.15 yen in Tokyo dealings Monday. The U.S. Currency has since regained

some ground and was trading at 83.70-75 yen in the same market at 10 A.M. Tuesday.

Little Hope for Package

OW1104124995 Tokyo KYODO in English 1231 GMT
11 Apr 95

[By William Mallard]

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Although Japan's politicians and bureaucrats have concocted a few surprises as they try to cobble together measures to curb the soaring yen, analysts expect nothing to emerge that will halt the currency's rampage.

With a Friday [14 April] deadline imposed by Prime Minister Tomiichi Murayama for a broad package of yen-busting steps, watchers predict the government cannot craft anything to snap the currency market out of its persistent yen-mania.

Two attention-getting measures have surfaced—current account surplus-cutting targets and restrictions on overseas yen-based holdings—but analysts predict they will not appear in Friday's package.

They may have been proffered with an eye toward next time, if the yen, which halted its March at least temporarily Monday and Tuesday, rockets again, the analysts said.

Other general stimulative measures being discussed largely sound like a rehash—accelerated public works spending, aid to struggling smaller firms, continued income tax cuts and cutting the securities transaction tax to help the battered stock market.

Another current of the yen-curbing talk advocates prevailing upon Bank of Japan (BOJ) chief Yasuo Matsushita to cut the official discount rate. Analysts are split on when or whether the central bank will cut the base rate, but they agree it is not a panacea for Japan's high-yen headache.

"I don't expect very much out of the package," said senior economist Mineko Sasaki-Smith at Morgan Stanley Japan Ltd. "Instead of proactive measures to change the Japanese industrial structure and expand growth, I think we're likely to be seeing more of a hodgepodge."

In one development, the Finance Ministry suggested to ruling coalition member New Party Sakigake the suspension of a tax exemption on foreigners' investments in Japanese treasury bills and foreign companies issuing Eurobonds, and the government is now considering the idea, sources told KYODO NEWS SERVICE on Tuesday.

"These are really drastic measures," said Jesper Koll, head of Economic Research at J.P. Morgan Securities Asia Ltd. "It's likely that directly increasing the cost of yen transactions would have an effect on foreign

exchange markets, but it comes at the expense of cocooning the Japanese economy from the rest of the world."

Koll thinks it "unlikely" such restrictions will be in this week's package, but says, "now it's on the table. If yen strength continues, the issue is likely to reemerge."

Sakigake leaked the tax exemption curb to a Western wire service to test market reaction, the sources said, and with the dollar rebounding against the yen the idea may seem more palatable.

But Takao Sako, head of yen trading at the Union Bank of Switzerland, called the dollar's recovery a "pure technical correction," saying the market did not take the proposed measure or any of the rest of the yen package seriously.

In fact, he said, dollar-dumpers will be emboldened by a Tuesday survey in the NIHON KEIZAI SHIMBUN finding that 200 major Japanese companies will see their expected 20 percent pretax profit recovery for this fiscal year cut to 5.1 percent if the dollar stays at 85 yen and will dip to a 1.2 percent loss at 80 yen.

Although the business newspaper's lead morning story purported to show the damage of the high yen, foreign market players are likely to read the news as, "hey, at 85 yen they're still making money and even at 80 yen they're breaking even."

The other eye-opening proposal, targets for cutting Japan's massive current account surplus, surfaced in Liberal Democratic Party talks Monday night. On Tuesday, cabinet members from Murayama on down said it would be "difficult" to put such an item into the current package, but interestingly, none explicitly ruled out the idea for the future.

A senior official of the ministry of international trade and industry, rather than dismissing the targets as "managed trade," instead launched a technical explanation of the complexities of deciding whether to express such a "goal" in terms of dollars or yen or as a percentage of gross domestic product.

On the discount rate cut, Finance Minister Masayoshi Takemura and other ministers have called strongly for "flexible" monetary policy—seen as a euphemism for a discount rate cut.

But central bank Governor Matsushita said last week that although the high yen has slowed the pace of recovery, economic conditions have not changed enough to warrant a cut in the key rate, already at a record low 1.75 percent a year. He has also repeatedly touted the BOJ's driving of overnight market rates to record lows as an effective policy tool.

J.P. Morgan's Koll sees a rate cut as "a question of when, not if," with this upcoming Monday an early possibility for a 0.50 to 0.75 percentage point reduction.

But BOJ watcher Cameron Umetsu, an analyst at UBS Securities Ltd., said that although the central bank has room to cut with the high yen causing a de facto credit tightening, "it's clear they don't want to move at this stage."

If the BOJ is going to cut the discount rate, it will likely seek justification from its May "tankan" survey of business sentiment and wait to see what the U.S. Federal Reserve does in a May 23 policy meeting, Umetsu said.

Study of Trade Gap To Halt Yen's Rise Urged

OW1104035095 Tokyo KYODO in English 0335 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Finance Minister Masayoshi Takemura on Tuesday urged that specific action be taken to cut Japan's trade surplus and so halt the yen's unabated surge against the dollar.

"It is necessary to seriously examine the huge gap in the current account and trade between Japan and the United States," Takemura said at a press conference after a regular cabinet meeting.

While Takemura suggested that there are wider reasons for the recent rise of the yen, he said that because market players cite the decades-long trade imbalance between Japan and the U.S. as its sole cause, the government must again discuss the issue.

However, Takemura avoided directly answering a question on the propriety of numerical targets to alter the trade balance.

"I cannot support the idea of both governments agreeing certain targets...but it is important for Japan and the U.S. to keep a close watch on this vital issue," he said.

Some within the Liberal Democratic Party, the largest of Japan's three ruling coalition parties, have called for numerical targets to be set to slash the nation's trade surplus as part of efforts to prevent the yen from further appreciating against the dollar.

But Takemura pointed to the need for further deregulation, as well as for specific efforts to be made to expand imports by stimulating domestic demand.

Takemura also suggested that the government will continue special tax cuts not only through fiscal 1995 but also in fiscal 1996 to protect Japan's fledgling economic recovery.

"Although the cut in fiscal 1996 is to be decided this autumn, depending on economic conditions at that time, the principle of implementing a 5.5 trillion yen tax cut over three years remains unchanged at present," Takemura said.

The government cut taxes in fiscal 1994 to prop up the economy and continued the cuts in fiscal 1995, which started April 1.

Takemura expressed doubts about whether the Group of Seven (G-7) major industrial nations can agree on any cooperative measures to stop the yen's rise against the U.S. currency.

He cited Canadian Finance Minister Paul Martin's comment to him Monday that rapid moves in the dollar-yen exchange rate are basically a problem between Japan and the U.S., and should be tackled by the two nations.

Since G-7 nations may thus not accept that global currencies as a whole have fluctuated, rather than simply the yen and the dollar, Takemura said it will be important for him to discuss the currency issue with U.S. Treasury Secretary Robert Rubin at a finance ministers' meeting of the Asia Pacific Economic Cooperation (APEC) forum next weekend.

Turning to the government-led bailout of two failed credit unions, Takemura said he hopes Tokyo Governor-Elect Yukio Aoshima will make cool judgments after fully understanding the heavy responsibility of the Tokyo Metropolitan Government which supervised the unions.

After his election in Sunday's gubernatorial race in Tokyo, Aoshima said that his administration will not provide a proposed 300 billion yen in low-interest loans for the bailout scheme.

"This is not a matter that they (the Tokyo Metropolitan Government) can settle without putting up money. They have to assume responsibility in some way or another," Takemura said.

The bailout scheme, which has already started with the establishment of the publicly funded Tokyo Kyodou Bank to take over the two dissolved credit unions, will move ahead for the time being along the lines already decided, Takemura said.

Coalition To Offer Proposals

OW1104102195 Tokyo KYODO in English 0956 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—The ruling coalition parties will offer recommendations to the government Thursday [13 Apr] for halting the yen's nonstop surge against the dollar and ensuring economic recovery, a coalition official said Tuesday.

The parties want their proposals to be included in a pump-priming package the government is to announce Friday, said the official after the coalition's project team met about tackling the yen's rapid gains in global currency markets.

At its first meeting Tuesday, the panel held a hearing on ways to arrest the yen's unabated strength from two former vice finance ministers for international affairs—Toyoo Gyohten, now Bank of Tokyo chairman, and Tomomitsu Oba, now chief of the Japan Center for International Finance.

The official said there was no discussion at the meeting on whether to set numerical targets for slashing Japan's huge trade surplus, an idea Tokyo has adamantly opposed on the grounds it would lead to managed trade.

The idea has come to the fore within the coalition that the yen's solo advance to record high levels stems from the nation's chronic trade surplus of about 130 billion dollars.

Prime Minister Tomiichi Murayama took a negative view Tuesday on the idea of setting numerical targets to slash Japan's mammoth trade surplus in a bid to arrest the yen's nonstop rise against the dollar.

"As a matter of fact, it is difficult to do so," the premier told reporters, saying only the government will announce a comprehensive pump-priming package by Friday.

Chief cabinet secretary Kozo Igarashi echoed Murayama's view, saying, "as the premier says, I also think it is a difficult idea to carry out."

Saying the government is striving to draw up an economy-spurring package, the top government spokesman declined to comment on what it would contain.

The three coalition parties agreed on the need to boost imports and the slumping economy, the coalition official said, adding Tuesday's panel session did not see debate on an "appropriate" level for the yen against the dollar and other major world currencies.

He acknowledged the difficulty in finding effective ways to check the yen's continued ascent and counter possible adverse effects on the nation's economy.

"The difficult part is we cannot find any good steps to stem the yen's rise without fail," the official said.

Cut in Securities Transaction Tax Proposed

OW1104135995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Apr 95 Morning Edition p 1

[FBIS Translated Text] On 8 April, Koichi Kato, chairman of the Liberal Democratic Party [LDP] Policy Research Council, granted an interview to NIHON KEIZAI SHIMBUN and disclosed that the LDP plans to seek reduction in the securities transaction tax as a specific way to cope with the recent yen upsurge and stock market decline. Regarding the simultaneous yen rise and stock market fall, Kato stressed: "The delay in liberalizing our country's stock markets has much to do with the current situation. For its part, the LDP must seriously consider reducing the securities transaction tax." A proposal to reduce the tax as a way to vitalize the stock markets was omitted from the FY 95 tax system revision bill. Kato indicated that his party plans to urge the Social Democratic Party of Japan and Sakigake [Harbinger Party] to go along with the idea, saying: "We have to consult the other two parties in the ruling coalition alliance."

Kato expressed strong concerns over the recent yen rise that continues to defy efforts to stop it so far. He then said: "The government and ruling coalition parties must spell out drastic emergency measures at all costs. The ruling coalition parties will discuss ways to cope with the situation, while watching how the government's countermeasures turn out." He thus indicated that the ruling coalition parties are determined to stay right behind the government to aggressively tackle the rising yen issue, with their project team—which will be established early next week—playing the leading role.

Concurrently, Kato cited the following, among other issues, in addition to reducing the securities transaction tax, as problems to be studied by the ruling parties' project team: 1) the problem of dealing with housing finance companies' bad loans; and 2) liberalization of stock markets. Regarding the opposition New Frontier Party's harsh criticism of the government and ruling coalition parties over the latter's handling of the yen issue, Kato stressed: "What is important is that our country be united in determination to prevent further yen appreciation. Petty arguments are unnecessary when we should be thinking about how to help boost our economy."

The government has firmed up its intention to make an announcement on 11 April regarding a package of emergency countermeasures against yen appreciation that incorporates, among other things, ways to help medium and small enterprises. Prior to this, Kato and other LDP officials plan to hold an emergency meeting on 9 April at the LDP headquarters over the issue of how to cope with the yen appreciation. They plan to discuss the party's basic policy regarding the yen issue.

Strong Yen Beginning To Bring Prices Down

OW1104101695 Tokyo KYODO in English 0948 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—The yen's surge is causing Japanese prices to decline for imported cars, foods, clothing and foreign travel, industry officials said Tuesday [11 April].

Department stores and importers are stepping up marketing competition, taking advantage of the yen's appreciation on the foreign exchange market. Prices of U.S.-built automobiles have come down.

The Japanese distributor for Chrysler Corp. early this month cut the price of the Jeep Cherokee by 10 percent, after the distributor for Ford Motor Co. last month introduced a low-cost model of the sports-utility vehicle Explorer, about 500,000 yen cheaper than comparable Japanese models.

The Transport Ministry estimates imported cars account for 4.2 percent of Japan's 36.50 million passenger cars, excluding minivehicles.

Automobile dealers say the share of imported cars will increase if the yen remains strong, giving a price edge to imports.

McDonald's (Japan) Ltd. said it plans to cut the price of four items on its fast-food menu by 20-38 percent, effective Friday. A hamburger will cost 130 yen, down from the present 210 yen, and a cheeseburger 160 yen, down from 240 yen, McDonald's said.

Supermarket giant Daiei Inc., which cut its prices for imported beef and vegetables by 5-20 percent last fall, said it will implement additional price cuts, when possible, to pass on the benefits of the higher yen to consumers. The strong yen has also reduced costs of overseas tours, in particular tours to Guam and Southeast Asian nations.

Major tour operators, which revise prices for overseas tours every three months or six months, said the effects of the yen's recent surge will not be reflected in their prices until after July.

Japan Travel Bureau Inc. (JTB), which has announced an average 5 percent cut in the cost of tours to North America for the July-September quarter, said further cost reductions are likely after October.

Further Disclosure of Derivatives Deals Urged

OW1104084595 Tokyo KYODO in English 0815 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—An advisory panel to the finance minister Tuesday [11 April] urged further disclosure of information on derivatives trading, including over-the-counter financial instruments like swaps, Finance Ministry officials said.

A working group on disclosure by financial institutions under the Financial System Research Council made the appeal in an interim report drawn up during rounds of study since April last year.

The group stressed the need to enhance the transparency of derivatives trading and to check market functions by disclosing more related information so that trading of such new instruments is carried out appropriately.

The group called for earlier disclosure of assumed amounts of principal and credit risks, or reconstruction costs, as quantitative information.

When the Bank for International Settlements (BIS) introduces regulations on market risks around December 1997, information on market values and market risks should also be disclosed, the group said.

In addition to the quantitative data, the group urged disclosure of qualitative information, including operating conditions and the purpose of derivatives deals, and explanation of dealing instruments and risks.

The group said it would be appropriate for each financial institution to make this information public in disclosure magazines for the time being.

Given the rapid expansion of derivatives deals, some group members called for the disclosure of related data during the business year which ended March 31, at least on the basis of present regulations and the system at each financial institution.

While some financial institutions have already made a decision in this direction, the banking industry is expected to set a common standard for disclosure by March 1996 in line with a final report the group plans to work out in May, the ministry officials said.

Meanwhile, the group has started discussion on further disclosure of nonperforming loans, the officials said.

At present, major banks make public the balance both of loans to bankrupts and debts with interest payments overdue by six months or more, while regional and second-tier regional banks disclose the balance of the former.

On the other hand, no financial institution is obliged to disclose the balance of loans with interest reduced or exempted.

The group will study the disclosure of such soft loans, taking account of the differences in nature between them and their already disclosed bad loans, the officials said.

The group will make recommendations for disclosure by June, they said.

MPT To Cut Postal Savings Interest Rate

OW0704115895 Tokyo KYODO in English 1119 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The annual interest rate on ordinary postal savings will be cut to a record low of 1.30 percent from the present 1.35 percent, effective Monday [10 April], the Ministry of Posts and Telecommunications [MPT] announced Friday.

The previous low of 1.32 percent was in effect between October 1993 and November 1994.

Monday's cut will be the first in one and a half years in the interest rate on ordinary postal savings.

The reduction will narrow the gap between the interest rate on ordinary postal savings and those on demand deposits of commercial banks, which remain unchanged at an average 0.25 percent.

The interest rate on ordinary postal savings was deregulated last October, along with rates on demand deposits of commercial banks.

Review of Resale Price Maintenance Planned

OW1004091095 Tokyo KYODO in English 0811 GMT
10 Apr 95

[FBIS Transcribed Text] Tokyo, April 10 KYODO—Industries benefiting from a system to fix wholesale and retail prices are increasingly concerned about growing moves in the government to review the system, industry sources said Monday [10 April].

The "resale price maintenance" system, which enables makers to control wholesale and retail prices, was introduced in 1953 as an exception to the antimonopoly law which was revised then. It applies to books, newspapers and other copyrighted products as well as pharmaceuticals and some other products.

The Fair Trade Commission (FTC) last September set up a subcommittee to consider narrowing the application of the system on the grounds that the antitrust law in principle should have no exceptions.

In addition, the government intends to review the system by the end of 1998, saying that free price competition should be promoted to create an open-market system, the sources said.

But the Japan Newspaper Publishers and Editors Association says the home delivery service of newspapers is maintained by the pricing system. Without the system, delivery agencies would begin price competition and some would go bankrupt as a result.

Book and magazine publishers warn that the abolition of the system would prompt them to publish only popular works and shun technical publications.

Education Minister Kaoru Yosano maintains a cautious stance on the issue, saying that hasty debates should be avoided as publications have contributed to the promotion of culture. Both the "merits and demerits" expected from the abolition of the pricing system should be carefully studied, he said.

Audit Performed Over Credit Union Bailout

OW1104081895 Tokyo KYODO in English 0713 GMT
11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—The Board of Audit last month performed an audit on the Bank of Japan (BOJ), covering the central bank's contribution to a bailout scheme for two bankrupt credit unions, a board official said Tuesday [11 April].

Sugito Abe, director general of the board's First Bureau, also told the House of Councillors Audit Committee that the annual audit performed March 8-10 covered the BOJ's 20 billion yen contribution to Tokyo Kyodou Bank as well as BOJ operations in general.

The bank was established in January to take over the bankrupt Tokyo Kyowa Credit Association and Anzen Credit Bank.

Results of the audit will be released later this year, Abe said.

Abe also said the board is ready to perform an audit on Tokyo Kyodou bank anytime as required.

Aoshima's Pledge Worries BOJ Official

OW1104035795 Tokyo KYODO in English 0347 GMT
11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—A senior Bank of Japan (BOJ) official voiced concern Tuesday about Tokyo Governor-Elect Yukio Aoshima's pledge to refuse financial aid to the BOJ-drafted bailout of two failed credit unions.

If the Tokyo Metropolitan Government declines to provide 30 billion yen in low-interest loans for the bailout, it would lead to a "difficult situation," Minoru Masubuchi, director of the BOJ's Financial and Payment System Department, told a Diet panel.

Aoshima, who was elected in Sunday's poll, has reiterated his vow during the campaign not to approve the loans.

Pointing to the prevailing stance among the five leading parties in the metropolitan assembly that Tokyo should bear a share of responsibility for the problem of the now-defunct credit unions, Masubuchi said he hopes the new governor will come to "an appropriate decision."

He made the remarks in testimony before the House of Representatives Budget Committee over the controversial government rescue plan for Tokyo Kyowa Credit Association and Anzen Credit Bank, which folded with huge amounts of bad loans.

The two credit unions have been absorbed by Tokyo Kyodou Bank, which was established as part of the bailout scheme.

The government scheme to use public funds, including 30 billion yen from Tokyo, for the bailout, came under fire as links between the former managements of the credit firms and some politicians and senior government officials came to light.

The lower house Budget Committee has summoned several other witnesses for testimony on the issue.

The two credit unions were located in Tokyo and were under the supervision of the Tokyo government.

Concerning the responsibility of the Long-Term Credit Bank of Japan, Masubuchi said the long-term credit bank was "deeply involved" in Tokyo Kyowa's business.

But the bank had no financial or personnel connections with Anzen, which is why the BOJ could not make the Long-Term Credit Bank absorb the two credit unions, he said.

A former Long-Term Credit Bank executive and a senior official of the Tokyo Metropolitan Government are scheduled to testify on the issue before the budget panel Tuesday afternoon.

Tokyo To Follow Aoshima Over Credit Unions

OW1104095995 Tokyo KYODO in English 0850 GMT
11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—The Tokyo metropolitan government will decide how to deal with a plan to bail out two bankrupt credit unions after Governor-Elect Yukio Aoshima makes an official determination on the issue, a metropolitan government official said Tuesday.

Hisashi Kokubo, head of the local government's Labor and Economic Affairs Bureau, made the remarks when he testified as a sworn witness before the House of Representatives Budget Committee.

Aoshima, who was elected in Sunday's [9 April] gubernatorial race, has pledged to refuse the proposed 30 billion yen financial aid to bail out the now-defunct Tokyo Kyowa Credit Association and Anzen Credit Bank.

The metropolitan government will accept a decision from Aoshima after officials explain details of the bailout plan, Kokubo said.

"Under the current circumstances, we want to consider how to deal with the issue from now on, based on a decision of the new governor," Kokubo said.

The two credit unions were located in Tokyo and were under the supervision of the Tokyo government.

Kokubo said the Finance Ministry proposed the bailout plan to the metropolitan government last November and December.

Earlier during the same committee hearing, a senior Bank of Japan (BOJ) official voiced concern about Aoshima's pledge to refuse financial aid to the BOJ-drafted bailout.

If the Tokyo metropolitan government declines to provide 30 billion yen in low-interest loans for the bailout, it would lead to a "difficult situation," said Minoru Masubuchi, director of the BOJ's Financial and Payment System Department.

Pointing to the prevailing stance among the five leading parties in the metropolitan assembly that Tokyo should bear a share of responsibility for the problem of the now-defunct credit unions, Masubuchi said he hopes the new governor will come to "an appropriate decision."

The bailout program may need some reviewing if the metropolitan government will not foot the bill, Masubuchi said.

Tokyo Kyowa and Anzen amassed enormous unrecoverable loans and the government announced in December a bailout plan for the two institutions using public funds.

The operations of the two credit unions have been taken over by Tokyo Kyodou Bank, established as part of the government's rescue plan.

The government scheme to use public funds, including 30 billion yen from Tokyo, for the bailout, came under fire as links between the former managements of the credit companies and some politicians and senior government officials came to light.

Concerning the responsibility of the Long-Term Credit Bank of Japan (LTCB), Masubuchi said it was "deeply involved" in Tokyo Kyowa's business.

But the LTCB had no financial or personnel connections with Anzen, which is why the BOJ could not make the Long-Term Credit Bank absorb the two credit unions, he said.

Kokubo said, "it will be a problem if the metropolitan government is not able to have any hand at all (in the credit unions' bailout)."

Metropolitan government officials will ask the governor-elect to submit to the assembly a bill on how the local government will deal with the bailout, he said.

* Takemura's Shift on Reform Analyzed

952B0132A Tokyo SANDE MAINICHI in Japanese
5 Mar 95 pp 46-47

[Article by Soichiro Tahara: "Takemura's Sudden Change and Post-Murayama"]

[FBIS Translated Text] "After all that was said and done, this must have been anticipated as the ultimate outcome."

Individuals who looked at the plan to reduce the number of special corporations, which was completed before daybreak on the 11th, must have clicked their tongues in disappointment.

Prime Minister Murayama had repeatedly claimed, "Administrative reform is the cabinet's most important task," and "We will approach the issue with irreversible resolve." And he had made the consolidation and abolishment of special corporations a principal goal of administrative reform.

However, abolishments were limited to one case and almost all other special corporations will be preserved through consolidations, resulting in some clever manipulations of numbers. The Murayama cabinet's "most important issue" was blown asunder in the face of major resistance from bureaucrats determined to protect their vested interests.

However, if nothing is done under the circumstances, no claim could be made that the required action had been

taken. Then, the government and ruling party, especially the Liberal Democratic Party [LDP] made an attempt to make consolidation or abolishment of government financial institutions the symbol that they had the determination to implement administrative reform. Specifically, the idea was to consolidate the Ministry of Finance [MOF]-controlled Export-Import Bank of Japan and Japan Development Bank.

However, Minister of Finance Takemura strongly objected to that consolidation plan and destroyed the "symbol" to which so much thought had been given.

The story suddenly becomes complex at this point.

Minister of Finance Takemura is the president of the Sakigake [Harbinger] Party. Sakigake was the party that had pushed the necessity of administrative reform most vigorously among the three ruling parties. Takemura himself had repeated several times that, "If we fail to achieve administrative reform, I have no intention of remaining a part of the administration." That was supposed to be his cherished position.

Further, last summer, he even spoke of privatizing the Japan Development Bank. The question is, why has Takemura, with such a prior position, moved to "destroy consolidations"?

However, Diet members who are on close terms with Takemura of Sakigake explain, "It was not a case of Takemura destroying the consolidation plan, but a case where he had submitted a plan making extensive headway towards administrative reform by 1) consolidating the Japan Development Bank and the Hokkaido Tohoku Development Bank, and 2) consolidating three public loan corporations, the People's Finance Corporation, Small Business Finance Corporation, and Environmental Sanitation Business Finance Corporation, but ran into objections from the LDP forces, causing all such consolidations to be regrettably destroyed in one massive blow." However, when this explanation was bounced off a midlevel LDP official, he rejected the explanation, saying, "The bureaucrats destroyed the consolidation of the Export-Import Bank of Japan and the Japan Development Bank and, in order to save face for Finance Minister Takemura, they decided to cunningly submit a consolidation plan that the LDP could in no way accept."

It was definitely a case where the consolidation plan for the three public loan corporations was abrupt and the explanation of the LDP Diet member was more acceptable.

Even then, why did Takemura, who was supposed to take the lead on administrative reform and prod the LDP and Social Democratic Party of Japan into action, end up playing such a strange role?

A midlevel LDP official was critical, saying, "This is a situation that demonstrates the chicanery of MOF bureaucrats, wherein they skillfully deceive others into

believing white is black and red is green. However, the fact that Takemura was so easily deceived and allowed himself to be shamed is obviously a case of exposing the fact that he is decisively short on experience and is lacking in the qualities of a politician."

It appears that the LDP source strongly objects to Takemura, because he had been elected to the House of Representatives only three times when he became chief cabinet secretary of the Hosokawa cabinet, sided with the LDP when the former coalition became part of the opposition, and then won appointment as minister of finance.

However, Takemura is a former bureaucrat (of the Ministry of Home Affairs) and should be thoroughly versed in bureaucratic customs. While governor of Shiga Prefecture, he shrewdly converted all political parties into a ruling party. It is difficult to believe that such a Takemura was so easily taken in by the deception of the MOF bureaucrats.

Takeshita Lurks in the Background on the Sudden Change of Heart; Power Struggle Taking Place Unrelated to Administrative Reform

When we checked with well-informed sources of the political world about the mystery of Takemura's sudden change of heart, the existence of a major political figure between the MOF and Takemura surfaced.

That individual was former Prime Minister Noboru Takeshita.

It appears he was the key individual who caused a change of heart by Takemura.

"Takeshita leads the support group on which MOF bureaucrats depend the most; he's the one who talked to Takemura, saying, 'It's better not to proceed on any matter that is not favored by the MOF. Doing so will not be of any benefit to yourself.'"

And, "as a matter of persuasion," he proposed the idea of "succeeding Murayama;" i.e., succeeding him as prime minister.

"Prime Minister Murayama is showing signs of having reached his limits. His bad health is one reason why he will not last very long. However, when he departs, if we try to select a successor from the LDP, we'll have trouble coming to a consensus and could even involve ourselves in turmoil." Thus, it appears the least troublesome option would be to have the Sakigake Party chief serve as interim prime minister.

Let us assume that that "story" had a strong impact on Takemura. However, if that were the case, why are the LDP forces angered about Takemura being "the culprit who destroyed the consolidation plan," and making a desperate attempt to "revive the plan"?

"That is why you must focus on the perspective of the 'post-Murayama' period. Political Research Committee

Chairman Koichi Kato and Secretary General Yoshiro Mori are fiercely clashing with Takemura and the MOF and eagerly attempting to revive the consolidation plan and think of Deputy Prime Minister Kono as a 'successor to Murayama.' In other words, the struggle for initiative on the matter of a 'successor to Murayama' involves the issue of consolidating government financial institutions, backdropped by activities of the current executive department pushing Kono versus the movements of Takeshita."

As we pursued the debate on administrative reform, we finally bounced into a power struggle within the LDP which had nothing to do with policy matters.

Even then, one wonders about the complete sense of absence of Prime Minister Murayama and wonders what he should think of his treatment as if "he no longer exists"?

* Koichi Kato Criticizes Ministry of Finance

952B0146A Tokyo SEIKAI ORAI in Japanese Apr 95
pp 10-15

[Interview with Koichi Kato by Takao Toshikawa, editor in chief of "Inside Line": "Lead Interview: Discussing Integration of the Japan Development Bank and the Import Export Bank of Japan in Terms of 'Noodles and Curry' is a Flimsy Argument of the Ministry of Finance!"; place and date not given]

[FBIS Translated Text] Kato, the person responsible for governing-party policy, who fiercely confronted the Ministry of Finance over integration of the Japan Development Bank and the Export-Import Bank of Japan, told much of his thoughts on the integration question, Vice Minister Saito, the Murayama government and so on.

The Ministry of Finance, Which Strongly Resisted the Plan To Integrate the Japan Development Bank and the Export-Import Bank of Japan

[Toshikawa] First I will ask about the question of review of special-status corporations, which has become the leading focal point of the political situation.

What has now become the core of the question is the plan to integrate the Japan Development Bank and the Export-Import Bank of Japan, which the Liberal Democratic Party [LDP] has proposed centered on your Policy Affairs Research Council; what sort of circumstances and goal worked out this LDP plan?

[Kato] Over the past seven months the governing party project team on administrative reform held over 60 meetings to study and debate the question of abolition and integration of government-affiliated financial institutions.

For our part, we have pushed ahead with our work to decide on a concrete plan with 10 February as the deadline. And in the course of doing that, there was a proposal by the new party Sakigake [Harbinger] to

privatize the Japan Development Bank. Our response to Sakigake's idea was: "privatization is out of the question." We think that governmental policy financial institutions are still necessary in order to assist high-tech industries and so on and to nurture industries in under-populated areas. Guidance policy finance is necessary, so the Japan Development Bank is also necessary.

But we think the Export-Import Bank of Japan is unnecessary at a time when we have the Japan Development Bank and the Overseas Economic Cooperation Fund.

Because the thing about Japan which has the worst reputation in the world is its huge trade surplus, so a government-affiliated financial institution which assists exports is probably out of date just by that.

[Toshikawa] Is it running against the trend?

[Kato] Yes. Therefore, at the beginning of February we proposed that we should choose integration of the Japan Development Bank and the Export-Import Bank of Japan, or integration of the Export-Import Bank and the Overseas Economic Cooperation Fund.

But the Ministry of Finance said that ODA (official development assistance) and government loans would get confused, and would be troublesome in terms of diplomacy, so we said, if that is the case would not a form be good in which we give both functions to the Japan Development Bank, integrate the Japan Development Bank and the Export-Import Bank of Japan, and separate that integrated institution and the fund.

[Toshikawa] Did you sound out the government project team about that at the beginning of February?

[Kato] We sounded out Sakigake. Immediately after Sakigake's proposal to privatize the Japan Development Bank, the Great Hanshin Earthquake occurred, and it became necessary for the Japan Development Bank to make considerable loans to Osaka Gas Co., Ltd., and others, so the idea of privatization of the Japan Development Bank ended up getting lost in a maze. Therefore we made a proposal in the presence of the chairmen of the Policy Affairs Research Councils of the three governing parties and the chairmen of the project teams for the three parties. We said we could support this, and that this was the only thing that would save Finance Minister (Masayoshi) Takemura.

We, too, have an association with the Ministry of Finance, so it is very difficult to do, but we said that we would do it resolutely.

In response to this, Finance Minister Takemura created a consultative agency directly under the official residence of the prime minister, and issued a proposal for continued consultation.

International Trade and Industry Minister (Ryutaro) Hashimoto has a similar idea, but ultimately continued consultation means doing nothing on an installment plan.

Therefore, we said that we would be criticized unless we went on pushing to settle things by 10 February, and proposed a plan for integrating the Japan Development Bank and the Export-Import Bank of Japan. But the resistance of the Ministry of Finance was very strong.

Even Bureaucrats Should Take Responsibility If They Fail

[Toshikawa] This may be the logic of the Ministry of Finance side, but it is pointed out that both the function and role of the Japan Development Bank and the Export-Import Bank of Japan are different, so to integrate them would violate their original objective.

[Kato] The Japan Development Bank handles things inside Japan, and the Export-Import Bank of Japan handles things related to overseas. Therefore, the Ministry of Finance uses the expression that integration of the two is like combining "a noodle shop and a curry shop." I understand what "noodles and curry" mean according to Ministry of Finance logic.

However, people in financial circles say that city banks and so on are doing "noodles and curry" together. Financial institutions in the market are doing both.

[Toshikawa] Are the logic and actions of the Ministry of Finance a matter of them absolutely having to prevent integration of the Japan Development Bank and the Export-Import Bank of Japan in order to preserve their power and vested interests?

[Kato] Yes. It is natural for the Ministry of Finance to do that as the instinct of a bureaucratic organization, so I do not criticize it. I think even the excellent bureaucrats of the Ministry of Finance will make flimsy arguments in order to defend their own organization. Another thing, and this, too, is an argument which takes the part of the Ministry of Finance, there is an economic monster thesis.

That is, if the Japan Development Bank and the Export-Import Bank of Japan are integrated, it would mean that a governmental financial institution would be born on the huge scale of a total of 22 trillion yen: 14 trillion yen (Japan Development Bank) plus 8 trillion yen (Export-Import Bank of Japan). They say this would be criticized by the world, but I think this, too, is an argument which is lacking in the perspective of reform. We should slim down the work of the Japan Development Bank, and should also shift a considerable part of the Export-Import Bank of Japan's work to the fund; if we do that, both will slim down, so they will not add up to integration of 22 trillion yen.

[Toshikawa] But in order to realize the public pledge of the administrative reform which Prime Minister (Tomichi) Murayama espouses, isn't it necessary to venture a step into the bastion of the Ministry of Finance and open an air hole in its thick wall.

[Kato] I think so. We must have even the Ministry of Finance abolish things which do not make sense. I will carry on that debate firmly in the future. Unfortunately the integration plan was not settled on the night of 10 February. To be honest, we retreated a step.

Even so, as the end of the debate it worked out that the governing parties will continue to consult, and will bring forth a conclusion some time in the current fiscal year. The government will respect that conclusion, and will attempt to get agreement at the highest levels of the governing and opposition parties, so I suppose it will probably be an advance of five steps.

[Toshikawa] Do you mean the situation is not so dark?

[Kato] Of course. If the governing party side places the integration plan on the table with sufficient ability to study it, everyone will probably consider the topic of whether a government-affiliated bank that assists exports is really necessary at this time of huge trade surpluses. Thereupon, there will emerge the recognition that, conversely, a financial institution for imports is necessary.

Now, when Japan Air Lines introduces jumbo jets they import them by loans from the Export-Import Bank of Japan, and when All Nippon Airways Co., Ltd., introduces them it imports them by loans from the Japan Development Bank.

[Toshikawa] You are saying that it is certainly not "noodles and curry."

[Kato] Exactly. Because the Export-Import Bank of Japan also has a considerable amount of international policy work, but one could do that by the fund.

[Toshikawa] As might be expected, I think the problem is the Ministry of Finance's resistance, but that Ministry of Finance is operated by personal connections in the Budget Bureau, and Administrative Vice Minister Jiro Saito, who is at the pinnacle of the personal connections, is said to be "the kind of great vice minister who comes along once in 10 years."

[Kato] I wonder. I think that is an image which the media created.

[Toshikawa] At the time of the non-LDP (Morihiro) Hosokawa and (Tsutomu) Hata governments, Vice Minister Saito joined forces with Ichiro Ozawa, Shinseito [Japan Renewal Party] secretary general (currently New Frontier Party secretary general), and high-handed methods tended to be prominent, such as suddenly bringing up a national welfare tax.

How do you view the proper nature of this Ministry of Finance centered on Vice Minister Saito?

[Kato] I suspect that it is now abnormal. However much the LDP and Sekigahara worked together during the 38 years of the so-called 1955 setup, a fixed line which separates the field of the politician from the field of the

bureaucrat is necessary. Nevertheless, in the past there were any number of times when bureaucrats guided politics by devised political strategies and laying groundwork. This is also a contest as a bureaucrat, but if they lose in that contest they must take responsibility.

The international contribution tax was in December 1991.

At the time I was chief cabinet secretary (in the Miyazawa cabinet), and Ministry of Finance bureaucrats moved by laying the groundwork in the LDP without saying anything to the prime minister or the chief cabinet secretary, and they failed. But they did not take responsibility.

Furthermore, in the FY94 budget, they did not compile it within the year, they compiled it in March, and in the end it exerted a harmful influence on business conditions. This, too, is something for which they should have taken responsibility. And the same is true in the case of the idea for a national welfare tax.

[Toshikawa] Vice Minister Saito failed three times, right?

[Kato] This is a rare case, failing all of three times and not taking responsibility even once.

Prime Minister Murayama's Strength Is Indifference to Gain

[Toshikawa] On the Murayama government, I think there is some negative material, such as the spectacle of disorder within the Social Democratic Party of Japan [SDPJ] and criticism of leadership at the time of the Great Hanshin Earthquake. There is also talk of a decline in the prime minister's vitality; what are your thoughts on the point of the future of the Murayama government?

[Kato] I admit that there are a few problem points, but I think that the Murayama government will continue in a steady manner. When the government was born it was called an illicit union, and it was said by some that it would end in a month. As of this March, it will be a government that has lasted longer than the Hosokawa government (eight months).

Now one does not hear such expressions as illicit union. That is because policy coordination has progressed. I think the SDPJ's internal dispute is something like a factional struggle. Is it not possible that it will, conversely, also become a great strength?

[Toshikawa] But there is the view in some quarters that Prime Minister Murayama, himself, may resign when the FY95 budget has passed.

Around Nagata-cho there is also appears to be information to the effect that former deputy prime minister and justice minister Masaharu Gotoda will take the stage after Murayama. Would you comment on that?

[Kato] The Murayama government will continue. That is the strength of indifference to gain.

Murayama did not become prime minister because he wanted to. Therefore, he has declared openly that he is prepared to resign at any time, and I think that is also his real intention.

[Toshikawa] His term as chairman of the SDPJ runs out in September; do that mean that that will support the Murayama government until early autumn, and that the government will continue until then?

[Kato] Yes.

[Toshikawa] As to the relationship with the New Frontier Party, and especially with Secretary General Ozawa, it appears that the enthusiastic shouts of the New Frontier Party have begun to grow quite strong because its candidate recently won in the Aomori gubernatorial election. How about countermeasures regarding Ozawa and the New Frontier Party?

[Kato] It became possible for the LDP to take part in government again because of an opponent's error; I do not think that our own power has recovered. We can only participate in government because we have a coalition with the SDPJ and Sakigake.

It is eight months since the inauguration of the tripartite coalition; the LDP believes that it has acted in a modest manner, and it will not change that posture in the future either.

For the New Frontier Party to become strong depends on whether we make mistakes. New Frontier Party policies do not have any special attraction.

I cannot sense any power in the New Frontier Party aside from Policy Research Council Chairman Yuichi Ichikawa and the former Komeito. Therefore, I think the power relationship with the New Frontier Party will be decided by whether we will be able to conduct good government in a modest manner.

*** Newsmen Rue Influence of Foreign Media**

952B0136A Tokyo SHOKUN in Japanese Apr 95 pp 74-85

["Discussion" between Yasuaki Onuma, Tokyo University professor and veteran newsmen; and Yasuo Kurata, commentator on international affairs; place and date not given]

[FBIS Translated Text] *Let's free ourselves from the dominant control over information and culture by European countries and the United States, and send opinions of Japan and Asian countries to the world.*

[Onuma] Since the "end of the Cold War" in the late 1980's, a lot of discussion has taken place on how Japan should get involved in creating a new international order. Various suggestions have been made with regard to such issues as security, human rights, and economic

aid, but I believe there has been a lack of discussion on the issue of media, an indispensable intermediary in implementing these suggestions. Some people talk of various possibilities in this so-called era of multimedia, but such talks tend to focus on hardware. Even when they have to focus on soft issues, they tend to ignore the issue of balance of power, or political dynamics, in such soft areas as culture and information. For example, which language should be used on the Internet? English or Japanese? Although interactive, two-way communications are possible, when I try to communicate from Japan with somebody in the United States, I have to use English at present. But, the fact that I, a Japanese, need to use a nonnative language—English—has something to do with the balance of power in the international community. We should not ignore this fact.

[Kurata] In terms of international transmission and allocation of news, for example, four major news agencies—Reuters, AP [Associated Press], UPI [United Press International], and AFP [Agence France Presse]—control almost 60 percent internationally.

[Onuma] Is it about 20 percent of the information that is collected by correspondents of Japanese news agencies?

[Kurata] Probably so. There are some regional differences, and the percentage in Asia seems to be increasing lately.

[Onuma] When we consider Japan's role and direct participation in creating a new international order, we need to take into account the international power structure in such areas as information and culture. Unless we discuss the information system centered on Europe and the United States, or the controlling influence of Europe and the United States in cultural areas, we are missing the most important point. Mr. Kurata, you have worked at news agencies for a long time, and for years you have criticized how Japan's media have fallen behind in collecting and disseminating information, and how much Japan's political situations have been affected by this.

Reliance on Foreign News Agencies Is an Extension of the Occupation Mentality

[Kurata] That foreign news agencies are controlling Japan's media is an extension of the occupation mentality.

[Onuma] I see.

[Kurata] During the occupation period, I was with Jiji TSUSHIN. At that time, whenever I finished writing a news report in English, I had to bring it over to the office of censorship on the second floor. This office was set up just like a pharmacy at a hospital, and we submitted our reports at the window. We normally had to wait for about 30 minutes, and received back our reports, which were rubber-stamped with "approve" if they were all right, or "suppress" if they were not. We were required to follow this kind of nonsense. Of course, censorship had also existed before the war, and when the Taisho Democracy

collapsed, and a military control started in the early Showa period, the military personnel conducted censorship. When the war ended, I thought freedom would prevail at last. But, then, censorship by the occupation army started. Major General Indebon, who worked as chief of the news section of the GHQ [Allied General Headquarters], was from a small newspaper company in New Mexico, which had a readership of only about 2,000 people. But, this man had complete control over Japanese newspapers with a total circulation of at least 20 million copies at that time. As we were not allowed to write what we wanted, we decided to use news reports from foreign news agencies. In the case of the Shimoyama scandal in 1949, it was UPI Tokyo that reported first that President Shimoyama of the National Railway Corporation had been found dead. It was so pitiful.

[Onuma] That kind of historical antecedent still continues to exist today, doesn't it?

[Kurata] And although I referred to Europe and the United States in sum, Japan in fact relies on information from the United States and England, or I should say, information provided by Anglo-Saxons. Such information with Anglo-Saxon slants accounts for 70 percent of international news reported in Japanese newspapers. Among the four major news agencies, Reuters is based in England. This is an Anglo-Saxon agency, but with some European bent. AP and UPI are completely American.

[Onuma] The fourth agency, AFP, is based in France, isn't it?

[Kurata] But, that agency is rarely used. Whenever Japan's media have difficulty in making judgment, they rely on foreign agencies so that they can wait and see the run of events. I had an experience that made me very angry. When I was covering peace talks on the Vietnam war in Paris in the 1970's, I found out through my own network of news sources that Kissinger suddenly decided to return to the United States. So I sent a telegram to Tokyo, saying that Kissinger would return to Washington that day. But, then, headquarters replied, saying that I was the only one who had sent a report of Kissinger's return and that none of the foreign agencies had sent in such a report. I was furious—the people at headquarters had no idea why they dispatched correspondents.

Well, that happened about 20 years ago, and I believe the situation has improved these days. Companies now have their own correspondents, and the language abilities of these correspondents have been improving, albeit in English only. Even when you are in Europe, as long as you read news from AP and UPI, you can keep up with current events. Also, there is a very useful newspaper called the INTERNATIONAL HERALD TRIBUNE. If you read this newspaper regularly, you often run into news reports in Japanese newspapers that have exactly the same sentence structures as the articles that have been already reported with "Paris datelines." But, of course, there are some able news reporters who are fluent in French, as well.

[Onuma] Japan's media, such as newspapers and television stations, parrot reports and statements of their counterparts in Europe and the United States, especially of those dominant media in the United States. A typical example of how this kind of reporting can create negative results in terms of international publicity is the economic friction between Japan and the United States. Today, Japan's media as well as politicians and businessmen have begun to understand that the basic problems for economic friction between Japan and the United States are excessive consumption and too little saving in the United States. Throughout the 1980's, however, there was almost no circulation of the understanding that U.S. economic policies—which allowed continuation of budget deficits—and the economic behavior of the American people were the causes of the trade imbalance between Japan and the United States. These causes were pointed out by some Japanese economists as well as by economists in Europe and the United States. Nevertheless, the general tone of prevailing arguments was that Japan's closed markets were to blame.

I do not deny the closed nature of the Japanese markets and government regulations, not just in terms of problems related to economic issues. I myself have strongly criticized the closed nature associated with the myth of Japan as a single-race nation. But, as far as economic friction between Japan and the United States is concerned, I believe that the United States is mainly responsible for preventing healthy development of the international economy. And, this point was mentioned neither by the media in the United States nor by the parrot-like media in Japan. This is an extremely significant problem. As a result, Japan makes serious efforts to open up its markets to reduce its trade surplus, but, as the basic causes rest with the United States, these efforts cannot solve the problem completely, although they may have some effects. In the meantime, the level of frustration is high both in Japan and the United States.

[Kurata] To be sure, newspapers mentioned in their reports also that the United States irresponsibly allowed the continuation of its budget deficit, and that Japan on the other hand purchased a large amount of U.S. Treasury bonds to finance the deficit. But, the mass media didn't try to focus their attention on these points, and the Japanese Government didn't try to use them as diplomatic cards. Japan's massive buying of Treasury bonds could have been used naturally as a card in favor of our side. I'm sure if Japan insinuated that it would stop buying Treasury bonds, that could have scared some people in Washington.

Beside the problem related to Japan-U.S. negotiations, there is another problem in news reporting, that is, the so-called system of accompanying reporters. When a minister goes to a foreign country, reporters accompany the minister all the way from Japan. These reporters know almost nothing about the foreign country. They listen to the minister's briefings at a hotel where he is

staying, and write their reports verbatim. Even if a local correspondent collects information locally on his own and writes a report that shows the facts, the report will not be accepted. Therefore, whenever a minister visits a foreign country, newspaper articles on the following day will show names of special correspondents that we've never heard of. All these are accompanying reporters.

Risk of Relying on HERALD TRIBUNE

[Onuma] Earlier, you mentioned the INTERNATIONAL HERALD TRIBUNE, which is certainly a very convenient newspaper for those who specialize in international affairs. Official at the Ministry of Foreign Affairs [MOFA] read the paper, and most of those who comment on international affairs, including journalists and international-minded businessmen, all read the paper. But I read the HERALD TRIBUNE on and off at a certain interval. After I read it for a certain period of time, I try not to read it for a while. The reason is that the HERALD TRIBUNE often reprints articles from THE NEW YORK TIMES and THE WASHINGTON POST, two major newspapers in the United States. The paper is convenient for me in trying to find out how these two major U.S. newspapers treat various issues, but then, the viewpoints become too American. If you read only the HERALD TRIBUNE and Japanese newspapers, the balance of your viewpoint in discussing international issues tilts toward that of the United States and Japan only—there is a risk of not seeing the viewpoints of Europe and the Third World.

Another point I need to mention is that diplomatic relations cannot be maintained by policies alone, no matter how good these policies are, unless they are supported by public opinion at home. When someone who specializes in international affairs tries to stir up public opinion, a gap often exists between his arguments and the general feelings among Japanese people. According to my own experience, when I used to read mainly the HERALD TRIBUNE, or when I lived in the United States, I unknowingly tended to discuss such issues as security quite apart from how the Japanese people felt about the reality and their own lives. Some people say that Japan's MOFA seems to stick out with an excessive sense of its mission. I think this is the same kind of phenomenon [like my own experience]. We need to be aware of the danger of being immersed in strong American opinions only in the international community.

[Kurata] One of the reasons why Japanese intellectuals tend to rely on the HERALD TRIBUNE is that there is no real quality paper in Japan, I think.

[Onuma] NIKKEI seems to think that it is a quality paper. (Laughter)

[Kurata] One of the prerequisites for a quality paper is that 20 percent of its content is devoted to international issues. I read LE MOND, and when there was a major flood in France the other day, for example, this paper didn't sacrifice the space in its international section.

Probably this editorial policy will be maintained even if a major calamity like the Great Hanshin Earthquake occurs. Quality papers that are read all over the world include THE TIMES from England, THE NEW YORK TIMES and THE WASHINGTON POST from the United States, LE MOND from France, and STAMPA from Italy. STAMPA is read all over Europe. These five newspapers are read by government agencies and diplomatic corps in every nation. To create a Japanese paper comparable to these papers is like asking for something unobtainable, so I refrain from talking about it. But, I hope at least that many articles written by Japanese will appear in these internationally read quality papers. The percentage of such articles is extremely small at present, and these papers rarely report on Japan. And, when they feature Japan, they are most likely to report on negative aspects. This is quite disadvantageous for Japan.

Is the Quality of Foreign Correspondents High?

[Onuma] If I explore this issue further, I run into the issue of the quality of foreign correspondents stationed in Japan. There are only a handful of correspondents who are endowed with both intelligence and good appearance like Mr. Tom Reed from THE WASHINGTON POST, who is a first-class journalist, fluent in Japanese, and very knowledgeable about Japanese history and culture. In general, foreign correspondents cannot speak Japanese, and they lack an understanding of Japanese culture and history. There is a Japan-bashing foreign journalist who cannot read Japanese texts very well, even though he has been living in Japan for almost 20 years. If you have been living in a foreign country for that long and are still unable to understand the language, you would certainly become disagreeable. This is true no matter which society you live in. On the other hand, there is also a case where you may be fluent in Japanese and knowledgeable about Japan, but you are not a first-class journalist. Although Japan has become a nation of importance to this level in the international community, the quality of foreign correspondents has not necessarily improved much. Also, it may be possible that when a correspondent sends back a good article on Japan, editors at home reject it.

[Kurata] That may be related to the weight of Japan as a nation in the international community. In France, there are probably more than 50 correspondents and staff from Japan's media, including those engaged in television broadcasting. But, in Japan, there are only a handful of correspondents from France. One of them is Mr. Philippe Ponce from LE MOND. It is fortunate that he, along with Mr. Tom Reed, is a journalist who understands Japan accurately. His Japanese wife is extremely talented as a simultaneous interpreter. And, Mr. Ponce himself has translated Yasunari Kawabata's *Koto*. Another journalist, Mr. Gephart Hilshire, from SUEDE-DEUTSCHE ZEITUNG is also well informed on Japanese affairs. Except for these three individuals, Messrs. Ponce, Reed, and Hilshire, the quality of the rest is quite

low. Yet, we may be lucky to have a journalist knowledgeable about Japan each in LE MOND and THE WASHINGTON POST, two quality papers that are read by elites in Europe and the United States. In the case of European countries, problems at the diplomatic level are solved as long as their elites read about them. But, this is not the case in the United States.

[Onuma] That's exactly right. The Congress needs to be informed. That means we need to appeal to public opinion shared by the ordinary citizens. I've heard that the recently assigned chief of the Tokyo Bureau of THE NEW YORK TIMES is a capable person, and I'm looking forward to finding out what kinds of articles he sends back home.

[Kurata] Yes.

[Onuma] Regarding the fact that articles written by Japanese don't appear often in the media in Europe and the United States, CHUO KORON, a monthly magazine, tied up with FOREIGN AFFAIRS, a quality magazine in the United States, and they were supposed to have a two-way exchange of their articles, but in the end, it became a one-way flow: Only those articles from FOREIGN AFFAIRS are translated and printed in CHUO KORON. This, as you say, Mr. Kurata, is also a reflection of the balance of power between the two countries. As it happens sometimes, we tend to be satisfied simply with being able to read articles translated into Japanese from first-class magazines in Europe and the United States.

[Kurata] That's exactly right. We are satisfied at that point, and there is nothing beyond that.

[Onuma] Although the lack of transmission of information from Japan has been pointed out repeatedly as a problem for some time, our politicians and businessmen don't seem to have any sense of crisis about this situation. I think this kind of mentality itself is a problem.

[Kurata] In fact, it's not the time at all for us to be complacent. Not that we need to present our counterarguments, but at any rate we must transmit information from Japan on whatever the topic it may be. We must achieve a two-way exchange of information. During the Meiji era, many letters from Japanese appeared in the readers column of THE TIMES. The Japanese of the Meiji era courageously stated their opinions in English. Even in the case of the current scandal about the royal family, THE TIMES sets a decisive tone. How many articles such lowbrow papers as THE SUN write on the subject, they are nothing but bubbles, like froth on beer. Japanese politicians should not hesitate to send their opinions to THE TIMES. If you send timely opinions, they will certainly print them. Then, your opinions will be read by the elites who read the paper. The same can be said for THE NEW YORK TIMES.

[Onuma] The most crucial problem here is our language handicap. I believe it necessary to have some kind of

policy or financial support from the business world or the government. When I read articles that contain misguided criticisms against Japan or that are full of malicious intent, I myself feel several times per year that I have to refute these opinions. Among Japanese scholars, I write a fair number of articles in English and publish books in English, but still I feel uncomfortable unless I have a native speaker read my English texts beforehand. As there is no guarantee that I can find some capable person who can check my English all the time, I cannot easily meet the call for "arguments against misguided opinions."

[Kurata] If your article is edited by some incapable person, it may be changed to convey wrong messages. Among the Japanese, there are those who cannot write well, and the same is true in the case of native speakers.

[Onuma] In that sense, I believe we need to have a foundation or some organization that will translate our counterarguments whenever some misguided articles appear in influential media abroad.

[Kurata] Without such an organization, it would be impossible for individuals, although there still remains another problem: How many of Japanese politicians can make logical counterarguments? Yet, we used to have someone like Mr. Saburo Okita, who published articles in FOREIGN AFFAIRS. In any event, as the language problem is a decisive handicap for the Japanese, we must come up with some measures to overcome this handicap as much as possible.

[Onuma] At present, for example, JAPAN ECHO translates into English those articles that appeared in major Japanese magazines.

[Kurata] Yes. That company also does translation in French.

[Onuma] "Caille de Japon"? The Asia Foundation also translates editorials of Japanese newspapers.

[Kurata] But, that is not a Japanese foundation.

[Onuma] It is an American foundation, isn't it? I think Japanese foundations should do the same thing, not only for the United States, but also for Korea, France, and so on.

[Kurata] The other day I wrote an article for a Japanese newspaper, criticizing that the U.S. forces carried out random bombings during the Gulf war. Then, the Asia Foundation translated my article and published it in the United States. A strong reaction came from the American Legion, which had read the article. I received a letter that said: Don't you remember Pearl Harbor? There is no room for argument.

An International News Agency in Asia for Asians

[Onuma] But, it's still nice that what you wrote is translated into English and read by the people in the

United States. I think Japan must understand the relative balance of power in the area of international information, and come up with a national strategy in this area, which is important for its survival in the 21st century. Mr. Kurata, you have been saying since the 1960's that Japan needs to have its own international news agency. But, this has not yet been materialized.

[Kurata] When I wrote the need for an international news agency in Japan, a political reporter came to me and said, "A powerful politician at the Liberal Democratic Party [LDP] is interested in your suggestion, and he should be able to come up with 20 billion yen or so." But, as you will understand if you read my article carefully, what I said in the article is that such money with strings attached should not be used. An agency must be created by the private sector, apart from the government. The government can create an agency on its own, like USIS [U.S. Information Service] (overseas agency of the U.S. Information Agency). To create a true international news agency, I think it better to form a consortium that is led by the business circle. The soft area will be taken care of by national newspapers, television stations, KYODO TSUSHIN, and JJI TSUSHIN. And, the area of hardware will be taken care of by NEC, Matsushita, NTT, and KDD. We also need to ask Japan Airlines and All Nippon Airways to participate so that we will be able to secure means of transportation. When I proposed such a plan, Kevin Galley, an executive director at Reuters, said that such an idea would be highly welcomed. He said that the importance of Asia would increase more and more from now on through the 21st century, and there was a limit to sending international news only from white-owned news agencies, so if Japan could take a leadership role in creating a reliable news agency in Southeast Asia, we would be able to coexist and prosper. But Mr. Galley died suddenly, and I lost my support.

[Onuma] It is quite suggestive that the Reuters director supported the idea of a news agency in Asia. For example, regarding the issue of human rights diplomacy, there is a loud and aggressive human rights diplomacy of the United States at one end. Another extreme argument is made by China and Mahathir in Malaysia, saying that human-rights issues are culturally relative, domestic problems, and therefore they should not be interfered with. Japan stands between these two extreme arguments. Japan's stance is that the universality of human rights is an ideal that can be agreed upon by many countries, and therefore we must spread this ideal throughout the world in the 21st century, and that the self-righteous approach of the United States tends to invite opposition. In other words, Japan's stance is to act as an intermediary between the Chinese-style argument and the U.S. approach. This has been successful to a certain extent, and must be maintained consciously from now on, also.

As a part of this effort, I have proposed that Japan should cooperate with Asian nations to write an Asian version of a white paper on human rights. White papers

on human rights have been issued by the U.S. State Department, the Amnesty International, and so on, but they are not well received by Asian nations because of their Eurocentric approach. But, rather than criticizing them for imposing their own values, we need to present our own common beliefs on what human rights are.

The same can be said for transmission of information. As in the reaction of the Reuters director, which Mr. Kurata mentioned earlier, they also know that their own self-righteous way cannot be accepted 100 percent.

[Kurata] English people shed their blood in the Opium War, so they understand that their own methods have limitations in Asia. But, Americans don't understand this.

[Onuma] There was a regrettable incident regarding the international information system. In the 1970's and the early 1980's, a new world information system was proposed by the Third World in opposition to such powerful and gigantic news agencies in the West as UPI and Reuters and the information system based on television networks and newspapers. But, the world information system proposed at that time had too strong a bent toward information control by national authorities in the Third World. So, it was opposed by the United States and others, and did not materialize. That was unfortunate, indeed.

[Kurata] At the time when the new world information system was proposed, the economic power of nations in Asia and the Third World was still very weak. I was working for KYODO TSUSHIN at that time, but when we tried to buy some news items, we realized that the sellers were all government-owned. We created an alliance of news agencies called OANA (Organization of Asian News Agencies), but except KYODO, all the other members were government-owned agencies.

[Onuma] The civilian societies of Asian nations were still immature at that time. But, economic conditions have improved, and the time has come to reconsider from a new angle how to create a more universal and multidimensional information system, where sources of information transmission will not be controlled solely by news agencies in Europe and the United States.

[Kurata] As China has become quite capitalistic, it certainly needs economic news. Therefore, conditions are already in place for Japan to create an international news agency in Asia.

France, for example, is consciously taking into account the strategic nature of information so as to stand equal to Anglo-Saxon nations. When Clinton said that he would remove most-favored-nation [MFN] status from China because of its human rights problems, and caused a rift in the relationship between the United States and China, a French weekly journal, LE POINT, reported: This issue was closely linked to the interests of Boeing, a U.S. company, and the U.S. position would certainly reverse

itself. From now through the year 2000, China will need 600 passenger airplanes. At present, Boeing's share in China is about 60 percent, and this is a big business. As expected, Boeing put pressure on the Clinton administration, and China's MFN status was left intact. We can't get this type of news if we read only U.S. newspapers. The French press writes up this kind of report because Airbus of France has only 10 percent of the market share.

Chinese Philosophy and Americanized China

[Onuma] As part of its national strategy, France is trying quite consciously to counter the dominance of U.S. information and culture. It opposes the dominance of Hollywood movie culture and tries to spread the French language and culture.

[Kurata] During the Gulf war, French newspapers published information that was not reported in Anglo-Saxon media. They reported that Iraqi troops filled plastic bags with water and placed them—a set of 1,000 bags each—in the middle of the desert. In the desert, the temperature drops drastically at night, but water in a plastic bag doesn't lose much of heat. So, the heat sensor of a U.S. military spy satellite would detect the water. In order to jumble the heat sensor, Hussein even imported vinyl tanks from Italy. French newspapers reported all this. But, they didn't mean that Hussein would win the war. Instead, they wanted to say that even American high-technology weapons were not foolproof.

[Onuma] That reflects not only a political strategy, but also the strong confidence the French have in their own culture. In other words, it implies the self-righteousness of France as a nation and the French people's self-centered belief that their values are universal. Honestly, I don't like this very much. But, on the other hand, we can also say that France is trying to prevent the U.S. control over the media and its dominant mass culture from taking over the world. If this effort can lead to coexistence of more multidimensional cultures in the 21st century, I will value that aspect.

[Kurata] They stand to oppose the spread of fast-food culture all over the world. It is a good thing that they express themselves arrogantly and disagreeably to that extent, because France has no chance of controlling the world anyway.

[Onuma] Japan doesn't have to become arrogant like France, but it must express its opinions more consciously so as to guarantee the cultural diversity in the international community. Relating to this point, what interests me is how China will be like in the 21st century. In terms of ideologies, we can think of two extreme scenarios. First, China continues to strengthen its economic power and further increase its power militarily, as well. As it becomes a superpower, it fully revives its traditional Chinese philosophy. Then, a conflict in terms of fundamental principles ensues between the self-centered universalism of the United States and the Chinese philosophy. This is the first scenario. Another

scenario is that China becomes capitalistic and changes itself into an Americanized superpower. Then, China's strong, long-held admiration for the United States becomes dominant, and a group of elites who have been studying in the United States return to China to assume a leadership role. China in the 21st century is an Americanized China, and with a unified set of values and culture, the United States and China take virtual control of the world. This is the second scenario.

Both are extreme cases, and probably the reality will fall somewhere between. But, if we continue our current path, no one will feel strange about the fact that our own ideas and ways of thinking are Americanized. I'm wary that the international community will become like that in the 21st century. To avoid this from happening, Japan, an economic power unsurpassed in Asia, should have a conscious national strategy to deal with culture and information.

[Kurata] In that sense, I've raised the issue of intelligence. How do we say it in Japanese? Information, or secret services? The issue of an intelligence agency is considered a taboo in Japan. If I suggest that Japan needs an intelligence agency, people might say that Kurata has become a right wing. But, in fact, all five permanent members of the UN Security Council have their own intelligence agencies. Even if Japan wants to become a permanent member, it will not be able to do anything empty-handed. It must equip itself commensurate with the status of a permanent member country. This is not an issue of the right or the left, but a survival issue for Japan.

[Onuma] Because of its tragic experiences in the Greater East Asia War, Japan as a nation after the war cut off various functions that are necessary for survival in the international community. I stand to respect and support the idea of the peace Constitution, but I'm against falling into mental inertia by regarding the peace Constitution as golden rules. To discuss peace issues, it is necessary to study wars. But, the libraries at Japanese universities don't carry enough documents and journals about wars. In postwar Japan, there has been a tendency to believe that, as long as we study about peace only, we will be able to achieve peace. We may call it a Greater East Asia War syndrome. Therefore, we have never had a discussion on how to systematize and control an intelligence agency.

[Kurata] But, this is a path we must go through once. If we create an intelligence agency, politicians must become more mature-minded, as well. Otherwise, the agency will become like the Information Bureau during the war, or be used for personal interests and desires.

Cultural Imperialism Is the Strongest

[Onuma] There is another point we must pay attention to. Among recent academic disciplines and in journalism, theories of multimedia and cultural sociology are quite popular. But, all these are silent on the power structure inherent in information and culture. They lack political and strategic elements of culture and information.

[Kurata] The British Empire might have fallen due to the English disease, but Reuters and the City are still vibrant. They are the symbols of information culture and economic culture in England. Also, when de Gaulle visited the Soviet Union in 1966, he told Brezhnev that he would focus on detente (easing of tensions), entente (cultural cooperation), and cooperation (economic cooperation) from then on. Out of these three points, the United States seized the detente only, but de Gaulle was right in understanding the power of culture. Even if the political prestige of a nation weakens, the cultural power remains for at least 100 years.

[Onuma] Even after the end of political and economic imperialism, cultural imperialism is the strongest in a sense, because it doesn't make us feel being controlled.

[Kurata] Euro Disneyland opened in France, but unlike the Japanese, the French don't jump at it. They don't even allow their children to go there. But, they can't kill it. Using various vehicles, the French Government has invested in about 50 percent of Euro Disney. The cross-channel tunnel between England and France as well as the railroad networks are expecting an increased demand due to Euro Disney. They are planning for the 21st century. By that time, Russia and other East European nations will have strengthened their economies somewhat. And, if that being the case, people from all over Europe will visit Euro Disney. But, as the French despise the American mass culture, they will try not to make things easier. They say that Disney came from a town in France called Isney. They insist that Isney became Disney. (Laughter)

[Onuma] When I was 19, I visited Disneyland in Los Angeles for the first time, and was impressed. I was amazed by the fact that you could make money by doing such wonderful things. (Laughter) Ever since then, I have been watching Disney movies. But, when I compare the recent movies called *Beauty and the Beast* and *Aladdin* with Japanese director Shun Miyazaki's *Kaze no Tani no Naushika* [*Naushika of a Windy Valley*] and *Tonari no Totoro* [*Totoro, the Neighbor*], I get the impression that Miyazaki's movies are far superior than Disney's. Of course, this is my subjective opinion, but Japanese animated film are at least at par with Disney's. Therefore, like Disney, showing Japanese animations to children in various nations of the world is not an expression of nationalism, but serves public interests internationally in favor of cultural pluralism, I think. It serves as a counterbalancing force against the unidirectional cultural control by the United States.

In the meantime, however, Japanese animations, TV programs, karaoke, and so on are actually spreading beyond national borders in China and Southeast Asian nations. In these nations, they tend to become wary of the Japanese culture as a dominant external culture. In fact, Korea is sensitive to this area and limiting the

inflow of the Japanese culture. How to make information and culture pluralistic and create a system of universal information and culture in the international community is a major issue for the 21st century.

[Kurata] Again, that corresponds to the issue of maturity as a nation.

North Korea

'Kim Yong-sam Ring' Military Buildup Denounced

SK0804013995 Pyongyang Korean Central
Broadcasting Network in Korean 0654 GMT 7 Apr 95

[Unattributed talk: "The Puppets' Military Buildup Maneuver Is Aimed at a Fratricidal War"]

[FBIS Translated Text] The Kim Yong-sam puppet clique is now stepping up the military buildup maneuver aimed at a fratricidal war. The Kim Yong-sam ring recently requested that the United States sell to South Korea 168 air-to-ground missiles and 100 air-to-air missiles. This is part of the Kim Yong-sam ring's frenzied military reinforcement maneuver that is aimed at bringing about a fratricidal war.

Following an increase in the military budget up to over 10 trillion won in 1994, the Kim Yong-sam ring increased it again to 11.33 trillion won this year. It is not difficult to guess the purpose of the South Korean war maniacs' increase of the military budget every year.

In 1994, the Kim Yong-sam ring presented a so-called new national defense policy focusing on the so-called balanced development of the puppet army, navy, and air force and on the diversification of import lines of weapons. They revealed their attempt to accelerate the strengthening of the puppet army's combat capability, mentioning the need to increase their own defense ability and the like, with the so-called transfer of peacetime operations command as a momentum.

Actually, the puppet Kim Yong-sam clique have introduced many attack weapons, including target tank-detecting radars and ground-to-air and ground-to-ground missiles, as well as updated military equipment from foreign countries. It is well known that the puppets headed by Kim Yong-sam introduced 48 Patriot missile-launching ramps and 192 warheads from the United States and deployed them at front areas along the Military Demarcation Line in 1994.

What attracts our attention is that the traitorous Kim Yong-sam clique is further accelerating the puppet naval and air force arms buildup. In 1994, the rascals brought in 38 Apache attack helicopters from the United States and deployed them for actual war, and brought in 12 CN235-M military transport planes from Spain.

After setting up a plan to bring in 12 F-16 fighter-bombers by the end of April and a total of 120 F-16's by 1999, the South Korean puppets held a ceremony of

delivering military planes from a warehouse at the U.S. Lockheed Fort Worth Company late last year and held an acquisitions ceremony in South Korea.

According to the puppets' revelation alone, the F-16 fighter-bomber is an attack weapon equipped with advanced electronic machinery and middle-range air-to-air missiles which make it capable of night attack by ultra low-altitude infiltration. Moreover, the fighter-bomber can carry nuclear weapons.

The puppet navy has also been reinforced rapidly in South Korea. Last year, the South Korean puppets decided to newly introduce 190 Mistral sea-to-air missiles for naval vessels from France. According to Japan's ASAHI SHIMBUN, the South Korean puppets surpass the British Navy in number of battleships and are proceeding with a plan to possess more submarines than Japan.

Under the ruse of the so-called diversification of import lines of weapons, the traitorous Kim Yong-sam clique is stretching its hand not only to the United States but to West European capitalist countries and East European countries to bring in war equipment and murdering weapons.

The traitorous Kim Yong-sam clique is trying to harm fellow countrymen by any means and is imposing an enormous burden on the South Korean people. The reckless acts by the vicious war maniacs are faced with the people's opposition. The South Korean people should remove the belligerent Kim Yong-sam group that has turned South Korea into an exhibition site of murder weapons in order to avert the danger of war and the heavy burden caused by the increasing military budget.

If the Kim Yong-sam ring tries to overcome the power crisis by aggravating tensions on the Korean peninsula while continuously bringing advanced weapons and war equipment into South Korea, running counter to the national aspiration for opening a decisive phase for reunification in the nineties, it is a foolish dream.

Nothing but a piteous end is in store for the Kim Yong-sam ring, which only pursues war and confrontation, and has no regard for the country's future or the nation's destiny.

'Hanchongnyon' Vows To Struggle for Reunification

SK0904112995 Pyongyang KCNA in English 1005
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—A meeting of the delegates of the South Korean Federation of General Student Councils (Hanchongnyon) was held at the Chonan Branch school of the Tanguk University on April 7, a Seoul based radio report said.

Chong Tae-ung, chairman of the General Student Council of the Korea University, was elected chairman of the Hanchongnyon for the third term at the meeting.

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[FBIS Translated Text] The Kim Yong-sam puppet clique is now stepping up the military buildup maneuver aimed at a fratricidal war. The Kim Yong-sam ring recently requested that the United States sell to South Korea 168 air-to-ground missiles and 100 air-to-air missiles. This is part of the Kim Yong-sam ring's frenzied military reinforcement maneuver that is aimed at bringing about a fratricidal war.

Following an increase in the military budget up to over 10 trillion won in 1994, the Kim Yong-sam ring increased it again to 11.33 trillion won this year. It is not difficult to guess the purpose of the South Korean war maniacs' increase of the military budget every year.

In 1994, the Kim Yong-sam ring presented a so-called new national defense policy focusing on the so-called balanced development of the puppet army, navy, and air force and on the diversification of import lines of weapons. They revealed their attempt to accelerate the strengthening of the puppet army's combat capability, mentioning the need to increase their own defense ability and the like, with the so-called transfer of peacetime operations command as a momentum.

Actually, the puppet Kim Yong-sam clique have introduced many attack weapons, including target tank-detecting radars and ground-to-air and ground-to-ground missiles, as well as updated military equipment from foreign countries. It is well known that the puppets headed by Kim Yong-sam introduced 48 Patriot missile-launching ramps and 192 warheads from the United States and deployed them at front areas along the Military Demarcation Line in 1994.

What attracts our attention is that the traitorous Kim Yong-sam clique is further accelerating the puppet naval and air force arms buildup. In 1994, the rascals brought in 38 Apache attack helicopters from the United States and deployed them for actual war, and brought in 12 CN235-M military transport planes from Spain.

After setting up a plan to bring in 12 F-16 fighter-bombers by the end of April and a total of 120 F-16's by 1999, the South Korean puppets held a ceremony of

delivering military planes from a warehouse at the U.S. Lockheed Fort Worth Company late last year and held an acquisitions ceremony in South Korea.

According to the puppets' revelation alone, the F-16 fighter-bomber is an attack weapon equipped with advanced electronic machinery and middle-range air-to-air missiles which make it capable of night attack by ultra low-altitude infiltration. Moreover, the fighter-bomber can carry nuclear weapons.

The puppet navy has also been reinforced rapidly in South Korea. Last year, the South Korean puppets decided to newly introduce 190 Mistral sea-to-air missiles for naval vessels from France. According to Japan's ASAHI SHIMBUN, the South Korean puppets surpass the British Navy in number of battleships and are proceeding with a plan to possess more submarines than Japan.

Under the ruse of the so-called diversification of import lines of weapons, the traitorous Kim Yong-sam clique is stretching its hand not only to the United States but to West European capitalist countries and East European countries to bring in war equipment and murdering weapons.

The traitorous Kim Yong-sam clique is trying to harm fellow countrymen by any means and is imposing an enormous burden on the South Korean people. The reckless acts by the vicious war maniacs are faced with the people's opposition. The South Korean people should remove the belligerent Kim Yong-sam group that has turned South Korea into an exhibition site of murder weapons in order to avert the danger of war and the heavy burden caused by the increasing military budget.

If the Kim Yong-sam ring tries to overcome the power crisis by aggravating tensions on the Korean peninsula while continuously bringing advanced weapons and war equipment into South Korea, running counter to the national aspiration for opening a decisive phase for reunification in the nineties, it is a foolish dream.

Nothing but a piteous end is in store for the Kim Yong-sam ring, which only pursues war and confrontation, and has no regard for the country's future or the nation's destiny.

'Hanchongnyon' Vows To Struggle for Reunification

SK0904112995 Pyongyang KCNA in English 1005
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—A meeting of the delegates of the South Korean Federation of General Student Councils (Hanchongnyon) was held at the Chonan Branch school of the Tanguk University on April 7, a Seoul based radio report said.

Chong Tae-ung, chairman of the General Student Council of the Korea University, was elected chairman of the Hanchongnyon for the third term at the meeting.

The main task facing the Hanchongnyon this year, the 50th year after the country's division, is the movement for reunification, he said, stating that the Hanchongnyon will join the Koreans in the North, South and overseas in holding the grand August 15 national celebrations.

'Crackdown' on Students for Invitation Denounced

*SK1004060795 Pyongyang KCNA in English 0551
GMT 10 Apr 95*

["Treacherous Act Dampening Desire for Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—The South Korean puppets revealed their intention to crackdown upon the General Student Council of Chonnam National University of South Korea for inviting students of Kim Chaek University of Technology in the North and Korean University in Japan to a festival slated for September through a March 29 facsimile letter addressed to the joint secretariat of the National Alliance of Youth and Students for the Country's Reunification in Berlin.

Commenting on this anti-national, anti-reunification crime branding the invitation as an "enemy-benefiting act", a news analyst of NODONG SINMUN today says:

It is certain that the General Student Council of Chonnam National University invited fellow students in the North and overseas to their festival out of a patriotic desire to create an atmosphere of national reconciliation and reunification through a meaningful meeting between students in the North, the South and overseas.

The deed of the South Korean students is helpful toward reconciliation and reunification of the Korean nation who has lived divided. Accordingly, it cannot be branded as harmful or criminal.

It is outrageous to suppress their desire for national reconciliation and reunification longed for by all the fellow countrymen by labelling it as an "enemy-benefitting act". This is an unjustifiable crime against the nation and reunification.

The Kim Yong-sam group which criminalizes contact and dialogue between the fellow countrymen through international communication network has no qualification nor justification to talk about North-South dialogue and reunification.

The Kim Yong-sam group intends to escape from their crisis by committing anti-national, anti-reunification crimes in conspiracy with outside forces, turning their back on the fellow countrymen in the North. But, this is a foolish dream.

The South Korean rulers must look straight at the situation, act with discretion and stop the bayonet-brandishing against patriotic students.

ROK Defector Song Po-yong Interviewed 10 Apr

*SK1004151895 Pyongyang KCNA in English 1510
GMT 10 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Song Po-yong, 28, who came to the North from South Korea, was interviewed by reporters here today.

Hailing from Hapchon County, South Kyongsang Province, he worked with bookstores for school youths and children and restaurants before coming here recently through a third country.

Referring to the motive of his defection, he told the press conference that he was convinced, listening to the North's radio, that he could enjoy a true life in the North where all of the working people live an equal and dignified life as the masters of the country under the administration of the great leader General Kim Chong-il.

He said:

While wandering about in Pusan city and North and South Kyongsang Provinces to eke out a living, I clearly learnt that South Korea is an unjust and anti-popular society for the privileged living with sweat and blood of the working people.

Since Kim Yong-sam came to power, the social contradictions have become all the more acute, politics more corrupt and crimes more rife, so that South Korea has turned into a living hell in the real sense of word.

Though the Kim Yong-sam regime is styling itself a "civilian government", it is, in actuality, a regime of fascists, traitors and separatists worse than the preceding military dictatorial regimes and "politicians" including Kim Yong-sam are political mountebanks hankering after power and distinction.

South Koreans say that Kim Yong-sam became the "president" because he was fitted to the United States' "standards of choosing president." The United States wants the South Korean president to be meekly obedient to the U.S., to be stupid in economic calculation so that he accepts U.S. surplus goods without complaint and to be a civilian believed to be favorable to diverting elsewhere the attention of the calling for the overthrow of the regime.

The South Korean people are calling Kim Yong-sam an illiterate, idiot, swindler, highflyer, etc. and considering him inferior to a dog.

Touching on the club discipline applied in the South Korean puppet army, he said the political and mental anguish from being treated as bullet shield for outside forces, physical torture and assaults strike soldiers with terror.

If a war breaks out, the "ROK" soldiers will direct their guns at the U.S. imperialist aggressor army and the Kim Yong-sam group, not at the brothers in the North.

Song Po-yong said reverence for respected General Kim Chong-il and longing for the North are ever growing among the South Korean people.

He vowed to work hard for the promotion of the country's reunification.

'More Than 8,800' Enterprises Bankrupt in ROK

SK0804150995 *Pyongyang KCNA in English 1506 GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—More than 8,800 enterprises went into bankruptcy under financial difficulty last year in South Korea, according to a radio report from Seoul.

Ninety percent of the closed businesses were small medium sizes each of which had less than 50 employees.

The business bankruptcy is going worse in South Korea due to the Kim Yong-sam group's treacherous market opening.

Arms Buildup in South by U.S., ROK Reported

SK0804095295 *Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 7 Apr 95*

[FBIS Translated Text] U.S. bellicose circles [hojon kyechung] and the puppet clique are further aggravating the militarily tense situation on the Korean peninsula through an arms buildup in South Korea. According to foreign news reports, the United States brought 20 multiple-purpose high-speed vehicles to South Korea during the past two months as part of its plan to modernize the U.S. Forces occupying South Korea; 500 more high-speed vehicles will be brought in in the future. In May, 150 Abrams tanks will be moved to South Korea; in the second half of the year, 24 more Apache attack helicopters, types of which were already deployed in 1994, will be added. Edward Warner, U.S. deputy under secretary of defense, said more heavy equipment will be deployed to the U.S. Forces in South Korea this year, and the plan to improve the firepower of the M-1 tanks will continue.

In the meantime, the Kim Yong-sam traitor clique chimed in and recently begged its U.S. master to sell 168 air-to-ground missiles. Prior to this, the puppet clique asked the United States to sell 100 new short-range air-to-air missiles, and made a show of the delivery ceremony for the newly deployed F-16 fighter-bombers. The puppet clique announced its plan to domestically produce equipment for a northward aggression, including anti-aircraft guns, and is now accelerating the implementation of the plan.

The situation on the Korean peninsula is becoming more acute due to the premeditated and reckless maneuvers against us by the U.S. bellicose circles and South Korean puppets.

Delegation of American Committee on Korea Arrives

SK0804151295 *Pyongyang KCNA in English 1507 GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A delegation of the American Committee on Korea led by its Executive Director John M. Swomley [spelling of name as received] arrived here today by plane.

It was greeted at the airport by Chon Kum-chol, vice-chairman of the Korean Asia-Pacific Peace Committee, and officials concerned.

Function Arranged for Koreans From Japan 6 Apr

SK0804025695 *Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 6 Apr 95*

[FBIS Translated Text] A function arranged by the great leader [yongdoja] Comrade Kim Chong-il for the 233d short-term fatherland-visiting team of Koreans residing in Japan was held at the Mansudae Art Theater on 6 April.

Present at the function were Kim Su-ik, director of the General Bureau of Reception of Overseas Compatriots, and functionaries concerned.

The delegation headed by Kim Kyong-hwan, vice chairman of the Hiroshima Prefectural Headquarters of the General Association of Korean Residents in Japan [Chongnyon], is in the socialist fatherland and participated in the function.

Speeches were exchanged at the function. The participants made toasts for the long life of General Kim Chong-il, the great leader [yongdoja] of our people, the nation's destiny, the benevolent father, and the brilliant sun of socialism.

A performance by the artists in Pyongyang was held during the function.

Japan Group on 'Strange Campaign' Against DPRK

SK0704213095 *Pyongyang KCNA in English 1517 GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—The spokesman for the Korea-Japan Friendship Association released a statement today denouncing the strange campaign against the Democratic People's Republic of Korea now in high gear in Japan.

He said:

From April 2, some Japanese papers and televisions have given false reports that a "Badge of the Korean People's Army [KPA]" was found by the Investigation Headquarters of the metropolitan police office at the site where Japanese Police Chief Takaji Kunimatsu was shot and "if it is a real Badge of the KPA, it is likely that an organization involving a person related to North Korea had a hand in the incident."

The Korea-Japan Friendship Association bitterly denounces such an anti-DPRK campaign based on groundless reports, considering it to be an open challenge to the DPRK and a vicious confrontation move designed to turn the bilateral relations between the DPRK and Japan into more serious hostile relations.

Though the Japanese reactionaries are alleging that a "Badge of the KPA" was found in the scene of the incident, the KPA has no "badge" like that.

Such a campaign of theirs is a base act which cannot go down with anyone.

Their attempt to link with the DPRK in a far-fetched way the incident which occurred in Japan is not an issue of hastiness or the lack of a sense of responsibility of the investigation authorities and some media but an offspring of the premeditated anti-DPRK moves of the reactionaries themselves, who dislike the improvement of DPRK-Japan relations.

We take a serious view of this.

Moreover, we cannot but take note of the fact that the smear campaign has been launched at a time when the resumption of the DPRK-Japan talks is on the order of the day and lodge strong protest against their dishonest moves.

In the past they have persistently resorted to such a campaign to obstruct the DPRK-Japan talks.

And they are now attempting to chill the improvement of the DPRK-Japan relations by fostering anti-DPRK sentiments among the Japanese people by means of linking the DPRK with the shooting incident in Japan, at a time when an agreement on the resumption of the DPRK-Japan talks was adopted between delegations of the Workers' Party of Korea and the three ruling coalition parties of Japan.

The Japanese reactionaries would be well advised to clearly see the trend of the time, keep their own business in good order and refrain from taking issue with others as they please.

With third-rate plots, can they block the common aspiration of the Korean and Japanese peoples to strengthen friendship and promote the peace and security of Asia by improving bilateral relations.

The Korea-Japan Friendship Association strongly demands that the Japanese reactionaries promptly stop the anti-DPRK criminal campaign and apologize for it.

If they persistently resort to such a campaign in defiance of our warning, they will have to be held fully responsible for all the consequences to be entailed therefrom.

PRC Liaoning Governor Leads Delegation on Visit

SK0804053995 Pyongyang KCNA in English 0419 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A Liaoning Provincial friendship delegation led by Wen

Shizhen, deputy secretary of the Liaoning Provincial Committee of the Communist Party of China and governor of the Liaoning Provincial People's Government, arrived here on Friday.

It was met at Pyongyang Railway Station by Sin An-pang, vice-chairman of the Pyongyang Municipal Administrative and Economic Committee, and Qiao Zonghuai, Chinese ambassador to Korea.

Meets With Vice President Yi

SK1004104495 Pyongyang KCNA in English 1030 GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Vice-president Yi Chong-ok today met and had a talk with the visiting Liaoning provincial friendship delegation of China led by Wen Shizhen, deputy secretary of the Liaoning Provincial Committee of the Communist Party of China and governor of the Liaoning provincial people's government, at the Mansudae Assembly Hall.

Present there were Choe U-chin, vice-minister of Foreign Affairs, and Qiao Zonghuai, Chinese ambassador to Korea.

North Side of Pominnyon Delegates Visit PRC

SK0804103395 Pyongyang KCNA in English 1024 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A delegation of the North side headquarters of the National Alliance for the Country's Reunification (Pominnyon) headed by its Chairman Paek In-chon left here on April 6 to attend the 3rd meeting of co-chairmen of Pominnyon due in China.

Government Cultural Delegates Return From PRC

SK0804015395 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 6 Apr 95

[FBIS Translated Text] A DPRK Government cultural delegation headed by Cho Yon-ok, vice chairman of the Committee for Cultural Relations With Foreign Countries, returned home by train on 6 April.

The delegation was welcomed at the Pyongyang Station by functionaries concerned and the PRC ambassador to our country.

Cooperation With PRC in Oceanography Reported

SK1004102495 Pyongyang KCNA in English 1009 GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—The hydro-meteorological service of the DPRK and the state oceanography bureau of the People's Republic of China agreed to have cooperation and exchange in oceanographic science and technology.

The agreement on the cooperation and exchange was signed in Beijing on April 5 by Vice-director of the service Ho Chang-suk and Deputy Director of the bureau Yang Wenhe.

Participants in Spring Art Festival Arrive 8 Apr
SK0904092095 Pyongyang KCNA in English 0841
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—A Nigerian national art troupe, Russian Bolshoy Orchestra, Chita Provincial Art Troupe of Russia, Polestar Friendship Art Troupe of the United States, Belarus Kupalinka Folk Music Troupe, Belarus Circus Troupe, a Pakistani soloist and his party, a Finnish musician and his party, an Austrian conductor, an Italian art troupe and a Spanish soloist and his party arrived in Pyongyang on Saturday [8 April] to participate in the 13th April Spring Friendship Art Festival.

PRC, Indian Troupes Arrive

SK0804045195 Pyongyang KCNA in English 0431
GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A government cultural delegation of China, a delegation of the Wuqiao International Circus Festival of China and an art troupe of the Natya Ballet Centre of India arrived here on April 7 to participate in the 13th April spring friendship art festival.

Watch Documentary Film

SK0904112795 Pyongyang KCNA in English 1008
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—Foreign and overseas Korean artistes who came here to participate in the 13th April Spring Friendship Art Festival saw the Korean documentary film "They Were Always With Each Other for the People" on Saturday [8 April] upon the lapse of the nine months since the death of the great leader President Kim Il-song.

Seeing it together with them were Chang Chol, vice-premier of the Administration Council, minister of culture and art and chairman of the Organizing Committee of the festival, and officials concerned.

The film vividly shows the historical facts that the great leader President Kim Il-song, in his lifetime, shaped the line and policies of the Workers' Party of Korea and triumphantly guided the revolution and construction together with the great leader Comrade Kim Chong-il and successfully solved the inheritance of leadership for the accomplishment of the revolutionary cause of chuche.

Activities of Apr Spring Art Festival Reported
SK0904085095 Pyongyang KCNA in English 0830
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—The 13th April Spring Friendship Art Festival opened

this morning in Pyongyang, the capital of the Democratic People's Republic of Korea.

The April Spring Friendship Art Festival has been held every year from 1982.

Taking part in the 13th festival are over 3,000 international and national contest prize winners and renowned artistes from scores of countries of the five continents as well as Korean artistes and overseas Korean artistes.

Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council of the DPRK, made a congratulatory speech at the opening ceremony.

He said that it is of great importance in strengthening friendship and unity between countries and enriching the treasury of human culture and art for the artistes from the five continents to set splendid festival stage under the noble idea of independence, peace and friendship and exchange achievements and experiences gained in their art work, deepening feelings of friendship.

Group performances will be given from April 9 to 12 and joint performances from April 13 to 17.

The festival will close on April 18 and festival prizes be awarded to superior groups and artistes.

Organizing Committee Hosts Banquet

SK1004054795 Pyongyang KCNA in English 0537
GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—The organizing committee of the 13th April Spring Friendship Art Festival gave a banquet for the participants in the festival at the People's Palace of Culture on Sunday.

Foreign delegations, art troupes and overseas Koreans' art troupes were invited to the banquet.

Chang Chol, vice-premier of the Administration Council of the Democratic People's Republic of Korea and minister of Culture and Art, who is also the chairman of the organizing committee of the festival; Kang Hyon-su, chief secretary of the Pyongyang municipal committee of the Workers' Party of Korea and chairman of the Pyongyang municipal people's committee; and other officials concerned and artistes in Pyongyang took part in the banquet.

There was an address at the banquet.

Participants, Attendees Noted

SK0904092195 Pyongyang KCNA in English 0852
GMT 9 Apr 95

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—The 13th April Spring Friendship Art Festival opened with large attendance in Pyongyang, the capital of the Democratic People's Republic of Korea, on April 9.

It is participated in by international and national contest prize winners and other well-known artistes from scores of countries on the five continents and overseas Korean artistes and Korean artistes, more than 3,000 in all.

Present at the ceremony were the government educational and cultural delegation of Nepal, the government cultural delegation of China, cultural delegates of Palestine, Ethiopia and Yemen, the delegation of the Society for the Support to the Kumsangsan Opera Troupe and the delegation of the Society for the Support to Koreans in the United States.

Kang Song-san, Politburo member of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Chang-chol, vice-premier of the Administration Council, minister of culture and art and chairman of the Organizing Committee of the Festival, and officials concerned, working people and artistes in the city, foreign diplomatic envoys to Korea attended the opening ceremony.

Art pieces reflecting ardent longing of humankind for the great leader President Kim Il-song, though he passed away, will be put on the festival stage. When the foreign art troupes entered the hall, a picture showing President Kim Il-song receiving festival participants in the past was projected on the back-drop.

Prior to the ceremony, the participants observed a moment's silence in memory of President Kim Il-song.

In his congratulatory address, Premier Kang Song-san said that it is of great importance in strengthening friendship and unity among nations and enriching treasure-house of human culture and art for the artistes of different countries on the five continents to exchange with each other the successes and experiences gained in their art creation work and deepen friendship through the splendid festival under the noble idea of independence, peace and friendship.

He said that in the past years the festival participants had spent the days of the festival with splendid canvas, giving graceful joint performances in the presence of President Kim Il-song.

"We can hardly repress heart-rending mind because we are holding this festival in his absence this year," he said, adding:

The participants will put on the stage of the festival the doxological numbers they have prepared with their sincerity and talents so that they may make the Korean people and the world progressive people keep the immortal image of President Kim Il-song ever more vividly in their mind.

He said that the DPRK Government will further develop cultural cooperation and exchange with foreign artistes in the idea of independence, peace and friendship, while further developing the national culture and art in accordance with the chuche-oriented line of the building of literature and art.

Congratulatory speeches were made by head of the Nepalese government educational and cultural delegation Modnath Prachand, minister of education, culture and social welfare, head of the Chinese Government cultural delegation Zhang Hualin, the head of the Nigerian National Art Troupe, and head of the Russian Folk Song and Dance Troupe Zikina Lyudmila Georgiyevna [spelling of name as received] and head of the Art Troupe of Koreans in Japan under Chongnyon Pak Chong-sang.

They said that though President Kim Il-song passed away, his revolutionary exploits will be alive in the hearts of the humankind for ever along with the April spring festival being held under the banner of independence, peace and friendship.

The speakers sincerely hoped that the Korean people under the wise leadership of Comrade Kim Chong-il, supreme commander of the Korean People's Army, will register successes in the efforts for socialist construction and the independent and peaceful reunification of the country, true to the behests of President Kim Il-song.

The ceremony was followed by a performance of Korean artistes.

First Performances Described

SK1004054695 Pyongyang KCNA in English 0534 GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Foreign artistes and overseas Korean artistes highly praised as the sun of humankind the great leader President Kim Il-song who devoted his whole life to the happiness of the people and the cause of global independence and performed immortal feats for the history at theatres in Pyongyang on Sunday evening.

Thus, the participants in the 13th April Spring Friendship Art Festival raised the curtain of the first performances.

The Mongolian art troupe put on the stage the mixed chorus "Song of General Kim Il-song", and "Image of the Great Leader" which was created by it and adorned the performance significantly.

Maria Albarado Trujillo, a female soloist of Peru, well sang the Korean song "We Miss His Smile as Bright as Sunshine". She is well known to the Korean people for her performance at the past Pyongyang festivals. When she sang, some people were heard weeping and the audience deeply longed for the fatherly leader President Kim Il-song.

"The Sun of Chuche Will Shine Forever" which was written, composed and sung by a Syrian soloist Mohamed Naim Gwider left deep impressions on the spectators.

Foreign artistes put on the stages works highly praising the great leader Comrade Kim Chong-il who is accomplishing the revolutionary cause of chuche pioneered by President Kim Il-song.

A female soloist of the Mongolian art troupe well sang the Korean song "No Motherland Without You" with clear and rich volume, and a female soloist of Malaysia sang well the Korean song "Kimchongilia".

The trio of the Congo highly praised the greatness of General Kim Chong-il in the song "Inheritance" created by them and the Korean song "Our General is the Best".

Foreign artistes impressively represented the traditional customs and national feelings of their peoples and the achievements in the struggle to build a new life aspiring after independence.

The Indian art troupe depicted well in dances the creative labour and national customs of the Indian people. The art troupe of Koreans in Japan, the art troupe of Koreans in China, the art troupe of the International Korean Association (Unity) and the art troupe of Koreans in the United States also are significantly decorating the festival stages of April.

Acrobatic Performances Praised

SK1004053295 Pyongyang KCNA in English 0521
GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Well-known acrobats participating in the 13th April Spring Friendship Art Festival from many countries of the world gave their performances to be acclaimed by the spectators at the circus theatres in Pyongyang on April 9.

Put on the stage were wonderful numbers representing their deep reverence for the respected leader President Kim Il-song, who performed undying feats for the times and humankind.

The Chinese circus troupe was congratulated upon their successful performance.

The troupe consists of acrobats well known at home and abroad.

The acrobats demonstrated their refined technique, combination of bravery, swiftness and artistic quality, in "dish-rolling," "stunt on chairs" and "balancing", the pieces that won gold prizes at international circus festivals.

A Cuban acrobat showed the revolutionary spirit of the Cuban people and their optimism and courage in "hand-standing," delighting the spectators.

"Hand stunt and balancing on ladder" by an Egyptian acrobat and his party was a hit.

"Hand-standing" by the Swedish Ludvika-Mini Circus Troupe drew attention of the spectators.

The acrobatic pieces of the Mongolian, Belarus and Ukrainian circus troupes were also acclaimed for their high technique and refined rhythmic movements.

Update on Progress Reported

SK1104110295 Pyongyang KCNA in English 1037
GMT 11 Apr 95

[FBIS Transcribed Text] Pyongyang, April 11 (KCNA)—The 13th April Spring Friendship Art Festival has been going on before full houses since it opened here on April 9 to mark the 15th of April.

The festival has been an annual event since 1982.

The current festival involves artistes from scores of foreign countries and Korean artistes including those overseas, some 3,000 in all.

About 100 of them are prize winners of national and international contests, including people's artiste Zikina Lyudmila Georgiyeva, recipient of Lenin prize and former Soviet labor heroine, a Mongolian national prize winner and Chinese acrobats who won the highest prize at the 11th world circus championship.

Divided into groups, they perform at some ten theatres in the city.

Nearly 200 pieces are put on stage every day. Among them are the Korean songs "Song of General Kim Il-song" and "We Miss his Smile as Bright as Sunshine" as well as the acrobatic number "Stunt on a Chair" which won the highest prize at an international circus festival.

Tens of thousands of people appreciate the performances.

The Chinese art troupe performs at the East Pyongyang Grand Theatre, the Russian folk song and dance ensemble at the Mansudae Art Theatre, the Russian Bolshoy Orchestra at the Moranbong Theatre and acrobats from different countries at the Pyongyang circus theatre.

Those from Cuba, Yugoslavia, Egypt, Vietnam, Nigeria, Cambodia and other countries perform at the Ponghwa Art Theatre, the February 8 House of Culture, the People's Army Circus Theatre and other theatres.

Overseas Koreans perform at the Pyongyang grand theatre.

The song "Kim Il-song, You Are Eternal Sun" composed by an Algerian musician, the Korean song "Generalissimo Kim Il-song is Always With Us" sung by a Yugoslav singer and other pieces of art put on stage well represent the will and desire of the progressive people of the world to uphold the great leader President Kim Il-song as the sun of humankind forever.

The artistes sing the Korean songs such as "Kimchongilia" and "No Motherland Without You" with deep respect and reverence for the great leader Comrade Kim Chong-il.

They also put on stage pieces showing the creative labor and national customs of their peoples and friendship and solidarity among peoples of the world.

Joint performances will begin on April 13.

The festival will end on April 18.

Choe-Led Delegation Meets Indonesian Military

*SK0904022895 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 7 Apr 95*

[FBIS Translated Text] The DPRK military delegation held talks with an Indonesian military delegation at Indonesian Army Headquarters on 5 April.

Present from our side was the delegation headed by Comrade Choe Kwang, member of the Political Bureau of the Central Committee of the Workers Party of Korea, vice chairman of the DPRK National Defense Committee, and chief of the General Staff of the Korean People's Army; and our ambassador to this country. From the Indonesian side, General (Pascal Tanjung), general commander of the Indonesian Army; the chief of General Staff of the Army; and high-ranking officials from Army Headquarters participated in the talks.

The talks were held in a friendly atmosphere.

Attends Banquet in Indonesia

*SK0904033195 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 7 Apr 95*

[FBIS Translated Text] The DPRK military delegation headed by Comrade Choe Kwang, member of the Political Bureau of the Central Committee of the Workers Party of Korea, vice chairman of the DPRK National Defense Committee, and chief of General Staff of the Korean People's Army, visited Indonesia from 2 to 6 April.

During its visit, the delegation was invited to a banquet arranged by General (Pascal Tanjung), general commander of the Indonesian Army.

The national flags of our country and Indonesia were hung at the banquet hall.

The DPRK military delegation, our country's ambassador to this country, and embassy staff were invited to the banquet.

The general commander of the Indonesian Army, the chief of General Staff of the Army, and high-ranking military officials were also present at the banquet.

Speeches were exchanged at the banquet. In his speech the general commander of the Indonesian Army said he once again expresses deep condolences on the death of the great leader Comrade Kim Il-song in the names of the officers and soldiers of the Indonesian Army. He said the DPRK military delegation's visit to Indonesia serves as a new important momentum in developing the friendly relations between the two countries' Armies. He said promoting bilateral friendship and cooperation and making frequent mutual visits will contribute to fully developing and promoting the relations between the two countries, which are both developing countries.

The participants made toasts for the eternal life of the great leader Comrade Kim Il-song and for the long life of the great leader [yongdoja] Comrade Kim Chong-il.

On 6 April, the delegation paid a courtesy call on Edi Sudrajat, Indonesian defense and security minister. In the meeting, the defense and security minister said he warmly welcomes the DPRK military delegation's visit to Indonesia. He pointed out that the delegation's recent visit will further develop the friendly and cooperative relations between the two countries, which have been developing on good terms for a long time. He said he hopes that the two countries' Armies increase mutual visits and contacts and, through this, cooperative relations will further develop between the Armies of the two countries. Present at the meeting were the general commander of the Indonesian Army and our country's ambassador to this country.

During its visit the delegation laid wreaths before the Tomb of the National Heroes in Jakarta and visited military units and plants in Surabaya and Bandung.

Arrives in Kuala Lumpur, Malaysia

*SK0904033495 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 7 Apr 95*

[FBIS Translated Text] On 6 April, the DPRK military delegation headed by Comrade Choe Kwang, member of the Political Bureau of the Central Committee of the Workers Party of Korea, vice chairman of the DPRK National Defense Committee, and chief of General Staff of the Korean People's Army, arrived in Kuala Lumpur, Malaysia.

The delegation was welcomed at the airport by the chief of General Staff of the Malaysian Army, representatives of the military and the government, and our country's ambassador to this country and embassy staff.

On the same day, the delegation wound up its visit to Indonesia and left Jakarta.

The delegation was seen off at the airport by General (Pascal Tanjung), general commander of the Indonesian Army; the commander of the Jakarta (Halim) Air Force Base and other high-ranking military officials; and our country's ambassador to this country and embassy staff.

Meets Malaysia Military Delegates

*SK1104071195 Pyongyang Korean Central
Broadcasting Network in Korean 0100 GMT 9 Apr 95*

[FBIS Translated Text] Talks between DPRK and Malaysian military delegations were held in Kuala Lumpur on 7 April. The talks were attended from our side by members of the DPRK military delegation led by Comrade Choe Kwang—member of the Political Bureau of the Central Committee of the Workers Party of Korea, vice chairman of the DPRK National Defense Committee, and chief of the General Staff of the Korean People's Army—and our country's ambassador to

Malaysia; Chief of the Malaysian Armed Forces General Staff (San Sri Yakob), the Army chief of staff, the chief of the military headquarters staff, and the deputy chiefs of the Navy and Air Force staff attended from the Malaysian side.

At the talks, the chief of the Malaysian Armed Forces General Staff stated that the DPRK military delegation's visit to Malaysia provided an important momentum for developing friendly relations between the armed forces of the two countries. He stressed that differences in the systems between the two countries cannot be an obstacle to the development of friendly relations between the armed forces of the two. He hoped the Korean reunification issue will be smoothly resolved, based on the reunification method presented by the DPRK.

Returns Home From Trip 8 Apr

SK0804213395 Pyongyang KCNA in English 1510 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A military delegation of the Democratic People's Republic of Korea headed by Chief of the General Staff of the Korean People's Army [KPA] Choe Kwang, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and vice-chairman of the DPRK National Defence Commission, returned home today, after winding up a tour of Indonesia and Malaysia.

It was met at the airport by Vice-Marshal Kim Kwang-chin and Kim Pong-yul, generals and officers of the KPA, and Charge d'Affaires ad Interim of the Indonesian Embassy in Korea Syamsudin Sidabutar [spelling of name as received].

International Institute of Chuche Idea Activities

SK1004102695 Pyongyang KCNA in English 1014 GMT 10 Apr 95

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—It is 17 years since the International Institute of the Chuche Idea [IICI] was established in April, 1978.

The institute based in Tokyo is an international academic organization whose mission is to study and disseminate worldwide the chuche idea fathered by the great leader President Kim Il-song.

The chuche idea, reflecting the trend of the present era toward independence, has been rapidly spread worldwide for its great influence and attraction.

More than 1,000 chuche idea study organizations have been formed in 100 odd countries since the group for the study of the works of Comrade Kim Il-song came into being in Mali in April, 1969, to be the first in their kind.

Undertakings to form national chuche idea study organizations and their wings were conducted amidst the direct attention of heads of state in Guinea, Madagascar

and many other countries. Political parties of different countries adopted the chuche idea as their guiding idea and have applied it to their activities.

Along with the IICI, the Asian Regional Institute of the Chuche Idea, the African Regional Committee for the Study of the Chuche Idea, the European Society for the Study of the Chuche Idea and the Latin American Institute of the Chuche Idea were inaugurated with the result that the study and dissemination of the chuche idea have been more briskly conducted, in an organized way and on a worldwide scale.

International seminars were held on scores of occasions under the sponsorship of IICI and regional institutes, and seminars on the chuche idea were hosted in more than 100 countries.

In Asia alone, seminars, lecture meetings and training courses were organized on more than 36,000 occasions in recent 10 years.

Delegates Attend IPU General Meeting in Spain

SK0804042595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 5 Apr 95

[FBIS Translated Text] According to a report, the 93d General Meeting of the International Parliamentary Union [IPU] was held in Madrid, the capital of Spain, from 27 March to 1 April.

Delegates and delegations from 119 countries and regions—including a delegation of the DPRK parliamentary group headed by Yi Mong-ho, secretary of the Standing Committee of the Supreme People's Assembly and vice chairman of the DPRK Parliamentary Group Committee—attended the general meeting.

The general meeting discussed such issues as ways to arbitrate armed conflict, to protect human rights, and to increase the rate of women's employment and their participation in politics.

A series of resolutions were adopted at the general meeting.

'Just Cause' of Korean People Supported Overseas

SK0804150895 Pyongyang KCNA in English 1504 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—Sardar Farooq Ahmad Khan Leghari, president of Pakistan, and Salmin Amour, Zanzibar president and 2nd vice-president of the United Republic of Tanzania, stressed support to the just cause of the Korean people when they received the DPRK ambassadors to their countries recently.

Noting that the great his excellency Kim Chong-il is a veteran leader who has gained rich experience and performed great exploits, leading the party, the state and the army, the Pakistani president expressed the belief

that the cause of the great his excellency President Kim Il-song will be successfully carried to completion in Korea under his guidance.

Saying that everything of the Korean people is going well because the great leader Comrade Kim Chong-il is successfully carrying forward the cause of the great leader Comrade Kim Il-song, the Zanzibar president hoped for greater success in Korea in the future.

H.S. Surjeet [spelling of name as received], general secretary of the C.C. [Central Committee], the Communist Party of India (Marxist), when he met a delegation of the Workers' Party of Korea [WPK] on April 4, said the WPK had strengthened and developed to be a powerful revolutionary party under the wise guidance of the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il.

He declared his party will as ever express full support for and solidarity with the struggle of the WPK and the Korean people for the reunification of the country.

Foreign Military Attaches Visit Military Museum

*SK0804045095 Pyongyang KCNA in English 0430
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—The military attaches of foreign embassies in Korea called at the revolutionary museum of the ministry of the People's Armed Forces Friday on the threshold of the birth anniversary of the great leader President Kim Il-song.

The guests heard explanations about the proud history created by the Korean People's Army [KPA] under the wise guidance of the great leader President Kim Il-song and respected Supreme Commander Comrade Kim Chong-il, while seeing the relics and exhibits.

"We hope that the Korean people and the KPA soldiers will defend the ever-victorious revolutionary banner and achieve complete victory without fail under the leadership of Supreme Commander Comrade Kim Chong-il, true to the behests of the great leader President Kim Il-song," the military attache corps wrote in the visitor's book.

Liu Jianhua, Chinese military attache, said that the road of 500,000 ri covered by President Kim Il-song for strengthening and developing the revolutionary Armed Forces led to the growth of the KPA into a strong army.

Ali Asghar Ghasemi, Iranian military attache, said the revolutionary red flag held by his excellency the respected leader Kim Il-song would flutter more lively under his excellency the great leader Kim Chong-il.

Rafat Yusri Rashad Mihail, Egyptian military attache, expressed the belief that the Korean people and the KPA soldiers would achieve the country's reunification under the wise guidance of his excellency respected Supreme Commander Kim Chong-il, true to the behests of his excellency President Kim Il-song.

Meeting of Sweden-DPRK Friendship Group Held

*SK1004150895 Pyongyang KCNA in English 1503
GMT 10 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—The annual meeting of the Sweden-Korea Friendship Association was held in Stockholm on April 1.

In a report to the meeting on the work of the association, Chairman Thomas Ronstron reviewed the functions of solidarity with the Korean people organized by the association and put forward the future tasks.

He stressed the need to continue energetic activities for the realization of "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" advanced by the great leader President Kim Il-song on April 6, 1993, the implementation of the DPRK-U.S. agreed framework, the withdrawal of all foreign troops from South Korea, the removal of the concrete wall and abrogation of the fascist "National Security Law" there.

And he said that the association should conduct brisk activities to support the proposal for the convocation of the grand national conference this year in which falls the 50th anniversary of the Korean liberation.

A congratulatory message to the great leader Comrade Kim Chong-il was adopted at the meeting.

The meeting published a statement of protest against the Japanese Government's suppression of the General Association of Korean Residents in Japan and decided to send it to the Japanese Government.

Nepalese Delegation Visits Kim Il-song Statue

*SK0804043595 Pyongyang KCNA in English 0418
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—The Nepali Government educational and cultural delegation led by Modnath Prachand, minister of Education, Culture and Social Welfare, called at the statue of the great leader President Kim Il-song on Mansu Hill on April 6 to lay bouquets of flowers before it and make a bow.

Noting that Comrade Kim Il-song turned the underdeveloped Korea into a country of people and socialist country, the head of the delegation said that there was no such great man as him in the world.

He said today the Korean people have Comrade Kim Chong-il and enjoy his wise guidance.

He expressed the belief that the Korean people would win victory of socialism under his leadership.

Meets With Chang Chol 7 Apr

*SK0704150795 Pyongyang KCNA in English 1504
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—Chang Chol, vice premier and minister of culture and

art, today met and had a friendly talk at the Mansudae Assembly Hall with the visiting Nepali government educational and cultural delegation led by Modnath Prachand, minister of education, culture and social welfare.

The head of the delegation said that the passing away of the great leader Comrade Kim Il-song was a great loss of the international communist movement. He was the leader not only of the Korean people, but of the world progressive people, he said.

Korea owes its achievements in socialist construction to Comrade Kim Il-song, he said, adding:

"His undying exploits will shine forever.

"I was deeply moved by the fact that the Korean people are blessed with illustrious leaders.

"I hope the Korean people will achieve greater success in socialist construction under the wise guidance of the great leader Comrade Kim Chong-il."

Senegal Groups on Cause of National Reunification

*SK0704151095 Pyongyang KCNA in English 1508
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—Five organizations of Senegal including the Senegalese Organization of Friendship With the Fraternal Korean People and the Peace Movement of Senegal published a joint statement on March 30 supporting the cause of the Korean people for the reunification of the country.

Reaffirming absolute support for and solidarity with the Democratic People's Republic of Korea led by the great leader his excellency Kim Chong-il, the statement said the reunification of Korea is the key to peace of the Korean peninsula and the world.

The statement stressed that national reunification should be achieved in line with three principles, independence, peaceful reunification and great national unity, "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" and confederal formula put forward by the great leader his excellency Kim Il-song.

It called for the honest and complete implementation of the DPRK-U.S. framework agreement, the abolishment of South Korea's "National Security Law" against national reunification and the demolition of the concrete wall.

It also demanded an immediate repatriation of Kim In-so, Ham Se-hwan, Kim Yong-tae and other unconverted long-term prisoners in South Korea who were born in the North.

Zambian Parliamentary Delegation Arrives 8 Apr

*SK0804213595 Pyongyang KCNA in English 1511
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A delegation of the Zambian parliament led by its

Deputy Speaker of the National Assembly Fitz Patrick Chuula [spelling of name as received] arrived in Pyongyang today.

It was greeted at the airport by Yo Yon-ku, vice-chairperson of the Supreme People's Assembly, and officials concerned.

Zambian, German Delegations Arrive 8 Apr

*SK0904091795 Pyongyang KCNA in English 0839
GMT 9 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—A delegation of Germany for Study of the Chuche Idea headed by Michael Koth, vice-chairman of the Communist Party of Germany, and chairman of the Zambia-Korea Friendship Association Dickson William Chokoma Matutu [spelling of names as received] arrived in Pyongyang on Saturday [8 April].

Literature Lauding Kim Chong-il Appears in ROK

*SK1004102295 Pyongyang KCNA in English 1008
GMT 10 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Literature lauding the great leader Comrade Kim Chong-il and praising the northern half of Korea was pasted up on buildings in Seyu-tong No.1, Suwon, Kyonggi Province, early in the morning of March 12, according to the radio Voice of National Salvation from Seoul.

Written in red color on the literature in the name of the Haebaragi (sunflower) Society were letters "Long live the great leader Kim Chong-il" and "The North is a paradise of the people".

Anniversary of Kim Chong-il's Visit to Indonesia

*SK1004052795 Pyongyang KCNA in English 0517
GMT 10 Apr 95*

["Great Guidance for Human Cause of Independence"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—NODONG SINMUN on Sunday carried a signed article entitled "The Great Guidance Leading the Human Cause of Independence to Victory" on the lapse of 30 years since respected Comrade Kim Chong-il visited Indonesia accompanying the great leader President Kim Il-song.

The Indonesia visit by the great leader Comrade Kim Chong-il, his first foreign trip after he began his work in the Central Committee of the Workers' Party of Korea, was an epochal event of great significance in the development of external relations of Korea. And it was a glorious course which made an immortal contribution to the progressive people's cause of independence against imperialism, the paper said, and went on:

During his stay in Indonesia the great leader Comrade Kim Chong-il conducted energetic activities with a main stress on solving the urgent problems raised by the Korean revolution and the times.

It was at the return banquet which the great leader Comrade Kim Il-song gave at the state palace of Indonesia on April 14, 1965.

Sitting with Indonesian high-ranking officials at the banquet, Comrade Kim Chong-il pointed out the commonness of Korea and Indonesia in the past lot and the immediate goal of struggle. [sentence as received] And he told them logically and plainly that in order to achieve the common purpose and ideal it was necessary to intensify anti-imperialist struggle and tighten friendly and cooperative relations, strengthen newly-emerging forces and frustrate with the strategy of solidarity the piecemeal-defeat strategy of the imperialists who were making vicious efforts to obstruct and break the unity and cohesion among the anti-imperialist forces for independence.

The Indonesian officials highly praised him as "a distinguished diplomat," expressing admiration at his clear-cut analysis and judgement, perfect and plain logic, clairvoyant foresight, humble and broad-minded personality.

Comrade Kim Chong-il convinced them of the idea that imperialism is the common enemy of the two peoples and other nations the world over and if all the people of the world fight in firm unity under the banner of independence, they will surely win. He also laid a stress on the need to make positive efforts for consolidating the friendship between Korea and Indonesia.

The validity and vitality of his idea and theory have been proven in the practice for the past 30 years. The sphere of the DPRK's external activity has been enlarged as never before and its prestige and position have been consolidated in the international arena as much as no one can impair. The ranks of supporters and sympathizers for the Korean revolutionary cause have increased so as to be found in any place of the world.

More Reportage on Defense Chairman Anniversary

Functions Commemorate Occasion

SK1004054195 Pyongyang KCNA in English 0528 GMT 10 Apr 95

["Firm Resolution To Fight for General Kim Chong-il"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 10 (KCNA)—Unshakable faith and will of the soldiers of the People's Army (KPA), public security members, youth and students to safeguard respected Supreme Commander Comrade Kim Chong-il, the great leader of our party and our people, at the risk of their lives were expressed at the functions which took place in Pyongyang on Sunday on the lapse of two years since he

was elected chairman of the National Defence Commission of the Democratic People's Republic of Korea.

A resolution of the People's Army soldiers to devotedly fight for General Kim Chong-il with single heartedness, true to the behests of the great leader Generalissimo Kim Il-song was made at a celebration evening of soldiers of the Ministry of the People's Armed Forces which was held at the Chonsung Square.

The participants loudly sang in chorus "We Make a Pledge" and shouted "Let All the Army Become Rifles and Bombs of Death-Defyingly Defending General Kim Chong-il, the Respected Supreme Commander!" and other slogans.

Choe Kwang, chief of the General Staff of the Korean People's Army, and other senior officials of the Ministry of the People's Armed Forces were seen among the soldiers who were dancing to the tune of the songs "Glory to the Dear Leader", "Let's Support Our Supreme Commander With Arms" and "Let's Defend Socialism".

A letter of pledge to Comrade Kim Chong-il was read at a meeting of servicemen of the Ministry of Public Security held to express their vow of loyalty to him.

In the letter the public security members made a pledge to become loyal subjects and filial sons and daughters who unhesitatingly devote their lives to defending the respected general with absolute worship for him, trusting and following only him in any adversity.

Evenings of youth and students which were held in various places of the capital city of Pyongyang well showed the unshakable will of the 5 million young vanguards to vigorously struggle for making their country and their motherland more prosperous, united around General Kim Chong-il in one mind.

Meanwhile, meetings were also held at the units of the KPA in celebration of the second anniversary of the election of Comrade Kim Chong-il as chairman of the DPRK National Defence Commission.

Revolutionary Museum Visited

SK0804102095 Pyongyang KCNA in English 1013 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—Many people are calling at the Revolutionary Museum of the Ministry of the People's Armed Forces on the threshold of the 2nd anniversary of the election of Comrade Kim Chong-il, supreme commander of the Korean People's Army, as chairman of the National Defence Commission of the Democratic People's Republic of Korea (April 9, 1993).

Visitors are increasing in number with each passing day, who include officers and men of the People's Army, officials, workers, intellectuals, co-op farmers, students and bereaved families of the anti-Japanese revolutionary

martyrs coming from frontline areas, isolated islets, naval and airforce units, grand socialist construction sites, factories, enterprises, co-op farms and universities.

The museum has been visited also by the members of delegations and visiting groups of the General Association of Korean Residents in Japan (Chongnyon), other Koreans overseas, military attaches in Korea and foreigners staying in Korea.

The visitors saw with keen interest the materials showing comprehensively the unremitting and energetic activities conducted by respected General Kim Chong-il for the strengthening and development of the People's Army, giving on-the-spot guidance to the units and sub-units of the People's Army on more than 650 occasions and making highly important teachings and orders over 17,200 times by the middle of the 1980s since he gave teachings to further invigorate the red-flag company movement during his visit to a People's Army unit one day in August, 1960.

Respected General Kim Chong-il, on his visit to a post on Mt. Taedok in the early 1960s, gave detailed explanations of the essence of the slogan "one-match-for-a-hundred" and its methods and, in the 70s, put forward the programme of modelling the whole army on the chuche idea, thus indicating the general orientation and fundamental methods of army building, and, from the 80s, he paid deep attention to establishing the revolutionary discipline within the whole army and speeding up the modernization of the People's Army.

Hearing such explanations, the visitors are bearing deep in minds that General Kim Chong-il is a great man of the century and the most brilliant commander.

Article Views Kim Chong-il's 'Great Leadership'

*SK1004124095 Pyongyang Korean Central
Broadcasting Network in Korean 1117 GMT 9 Apr 95*

[NODONG SINMUN 9 April special article: "The Great Leadership That Leads Mankind's Cause for Independence to Victory"]

[FBIS Translated Text] Thirty years have passed since the great leader [yongdoja] Comrade Kim Chong-il visited Indonesia. With the great leader [suryong] Kim Il-song, the respected and beloved Comrade Kim Chong-il paid a historic visit to Indonesia from 9 to 21 April 1965 to attend the event to mark the 10th anniversary of the first Asian-African conference.

On 18 April 1955, leaders from Asian and African countries met for the first time in Bandung, Indonesia, and sincerely discussed the common cause of the people of the two continents. Thus, they declared the people's joint ideology to strengthen political, economic, and cultural ties between the two continents, while opposing the imperialists' colonialism.

The first Asian-African conference was a significant international conference that demonstrated to the world that the people of the newly developing countries in Asia and Africa, who were despised and suppressed over the past years, emerged on the international arena as a result of the powerful anti-imperialist independent forces. Therefore, the event to mark the 10th anniversary of the Bandung conference attracted the people's attention throughout the world, and a great many famous figures participated in it, including state and government heads of approximately 40 Asian and African countries.

The respected and beloved Comrade Kim Chong-il paid a historic visit to Indonesia to further enhance the great leader Comrade Kim Il-song's international authority and prestige; to develop friendly and cooperative relations with the newly developing countries; and to strengthen the unity and solidarity of the anti-imperialist independent forces on the occasion of the 10th anniversary of marking the Bandung conference that attracted international attention.

The great leader [yongdoja] Comrade Kim Chong-il's visit to Indonesia was the first trip to a foreign country since he started work at the party Central Committee. Therefore, it was an important event to have a significant upturn in developing our country's relations with foreign countries, as well as a brilliant course that had immortally contributed to progressive mankind's anti-imperialist cause for independence.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: Presently, strengthening the work with the newly developing countries is one of our party's important policies for foreign activity. Up until now, our country has not escaped from the framework of the socialist countries in its relations with foreign countries, but, in the future, it should concentrate major efforts on developing relations with the newly developing countries.

Only when we strengthen the work with the newly developing countries can we increase the ranks of supporters and sympathizers for our revolution, as well as vigorously accelerate the anti-imperialist independent cause in the international arena.

The international arena has changed greatly since that time. Various countries throughout the world have achieved national independence, escaping from the subordination of imperialism and colonialism, and emerged on the arena of history with the powerful anti-imperialist revolutionary forces. Also, the international imperialist and reactionary forces' plots have been further increased to block the growth and advance of the newly developing countries and to crush [malsal] the popular masses' cause for independence.

Such trends in the international situation and such changes in international relations have raised the pressing issues to prepare for an international climate favorable to our revolution by further expanding and developing relations with the socialist countries, as well

as the newly developing countries, and to accelerate mankind's cause for independence by strengthening the unity and solidarity of the anti-imperialist independent forces throughout the world, while promoting the reorganization of the international revolutionary forces.

While he was in Indonesia, the great leader [yongdoja] Comrade Kim Chong-il energetically conducted activities by concentrating major efforts on achieving the pressing tasks raised by our revolution and by the times.

While he was in Indonesia, the great leader [yongdoja] Comrade Kim Chong-il participated in the commemorative event marking the 10th anniversary of the Bandung conference, the grand mass rally. Also, he participated in various events—including the ceremonies to award the Indonesian Republic's order to the great leader Comrade Kim Il-song, as well as to award the title of honorary doctorate to him, the leader's [suryong] lecture given at (Ali Ahrham) Academy of Science, the special people's consultative conference held in Bandung, the ceremony to lay wreaths on the heroic tombs, and the ceremony to lay the cornerstone for the external building of the newly developing countries—and visited various places, such as (Ogoru) Botanical Garden which brought forth the Kim Il-song flower in the world.

Availing himself of many occasions and opportunities, the great leader [yongdoja] Comrade Kim Chong-il has stressed that the newly developing countries should develop their friendly and cooperative relations, smash the imperialist forces' plots for domination with the united might of the anti-imperialist independent forces, and accelerate the popular masses' cause for independence.

It was 14 April 1965 when the great leader Comrade Kim Il-song arranged a return banquet at the Indonesian state palace. Invited there were Indonesian high-level authorities, leaders from political parties and organizations, people from all walks of life, and foreign diplomats in Indonesia, including the Indonesian president and second vice prime minister. The great leader [yongdoja] Comrade Kim Chong-il, who attended the banquet and sat together with Indonesian high-level authorities, explained to them the past situations of the DPRK and Indonesia, as well as the commonness in the struggle toward today's goal.

To achieve the common objective and ideal, he logically and easily told them about the issues, such as the issue of strengthening the anti-imperialist struggle and their friendly and cooperative relations, of fortifying the newly developing countries, and of smashing the piecemeal defeat strategy of the imperialists—who are viciously plotting to block and destroy the anti-imperialist independent forces' cohesion and unity—with a strategy of unity.

He even specifically elucidated conditions, possibilities, and plans to strengthen the political unity, as well as economic and cultural cooperation among the newly

developing countries. Regarding these issues, he explained to them the principled position to which our party and Republic have adhered.

Indonesian authorities highly admired the great leader [yongdoja] Comrade Kim Chong-il as the outstanding external activist, while failing to repress their admiration for his sagacious analysis, judgment, systematic and clear logic, far-sightness with insight, and humble but brave personality. Even until the last moment until he completed his visit to Indonesia, the great leader [yongdoja] Comrade Kim Chong-il had met with the close aides to the Indonesian president and worked with them.

The great leader [yongdoja] Comrade Kim Chong-il declared ideas that imperialism is the common enemy of the people of the two countries, as well as the people of the rest of the world, and that the people throughout the world will surely win a victory only if they struggle by firmly uniting with each other under the banner of independence. He even posed for a souvenir picture with the Indonesian president's close aides and guard members [howi songwon], stressing positive efforts to further strengthen friendship between the DPRK and Indonesia.

The Indonesian people, who admired his great anti-imperialist independent idea and outstanding and wise strategy, have unanimously pledged that they would be endlessly loyal to the anti-imperialist independent cause, and that they would actively make efforts to further strengthen and develop DPRK-Indonesian friendship.

While he was in Indonesia, the great leader [yongdoja] Comrade Kim Chong-il upheld our country's foreign relations at a new higher stage with his energetic activities abroad. Also, he gained a great achievement in strengthening the unity and solidarity of the world anti-imperialist independent forces, including the newly developing countries, and in promoting mankind's cause for independence. The thorough position of independence and the revolutionary principle, as well as the boundless sacrifice for mankind's cause for independence, are the natural gifts of the great leader [yongdoja] Comrade Kim Chong-il.

The great leader [yongdoja] Comrade Kim Chong-il, who embodied the destiny of the popular masses and the aspiration and desire of mankind, already published the famous work "On the Characteristics and Aggressive Nature of Contemporary Imperialists" during his college days. He scientifically and theoretically explained the characteristics and the aggressive, vicious, and crafty nature of contemporary imperialism, and clarified fundamental questions arising in strengthening the anti-imperialist struggle and advancing the world revolution.

The correctness and vitality of the ideological theory presented by the great leader [yongdoja] Comrade Kim Chong-il during his visit to Indonesia 30 years ago was clearly proven by actual practices. Our Republic's foreign relations have been matchlessly expanded and the

authority and position of our Republic in the international arena have become unbreakable. The supporters and sympathizers to the cause of our revolution have increased. They can be found anywhere in the world. The anti-imperialist independent forces, including the Non-alignment Movement, have grown to become substantial, and their unity and cooperation has been strengthened more than ever.

The great leader [yongdoja] Comrade Kim Chong-il presented outstanding ideologies and theories in every phase and stage of the development of revolution, and has wisely led the cause of the independence of the entire world through energetic foreign relations activities. The great leader [yongdoja] Comrade Kim Chong-il published numerous classical works, including "Let Us Strengthen Friendship and Unity With Newly Developing Countries," "Let Us Uphold the Banners of Marxism-Leninism and the Chuche Idea and March On," "Let Us More Highly Uphold the Banner of Anti-Imperialist Struggle and Vigorously Advance Along the Road of Socialism and Communism," "On Basic Questions of Revolutionary Party Construction," and "Socialism Cannot Be Obstructed." He strengthened the world's anti-imperialist and independence forces in every aspect, and gave perfect and scientific explanations to various theoretical and practical questions in promoting the world revolution and mankind's cause for independence.

In particular, his immortal classical work "Socialism Is a Science" is a theory of iron that demonstrated the scientific, truthful, and invincible nature of socialism, and an immortal militant banner that gave a decisive blow to the imperialists and betrayers of socialism, who are obstructing socialism, and illuminated the road to the advancement and ultimate victory of mankind's cause for independence and socialism for the world's progressive people.

During his busy days leading general party and state affairs, the great leader [yongdoja] Comrade Kim Chong-il met with leaders and figures from various countries, and explained to them our party's principles and ideology of foreign relations policy, and the correctness of our party's foreign relations activities. He is giving clear answers concerning anti-imperialist and independence strategies based on scientific analyses of the international situation and the character of international relations, as well as resolutions to complicated international issues.

Moreover, he developed and enriched the immortal chuche idea, the greatest ideology of independence representing modern times, and is wisely leading the chuche idea to be embodied worldwide. Indeed, the respected and beloved Comrade Kim Chong-il is a master of ideological theory and leadership because he has wisely led the world revolution and mankind's cause for independence since his early days.

Under the leadership of the great leader [yongdoja] Comrade Kim Chong-il, the might of the world's anti-imperialist and independence forces has been further strengthened, and the popular masses' cause for independence is ceaselessly advancing along the right tracks. Today, the world's people are unanimously saying that Comrade Kim Chong-il is synonymous with Comrade Kim Il-song, and that the world will follow the ideology and leadership of the most extraordinary General Kim Chong-il, who will lead the 21st century. Under the wise leadership of the respected and beloved Comrade Kim Chong-il, the entire world's cause for independence will vigorously advance.

NDFSK Mission Visits Kim Il-song Statue

*SK0904091295 Pyongyang KCNA in English 0803
GMT 9 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA)—Yi Chong-sang, chief of the Pyongyang Mission of the National Democratic Front of South Korea [NDFSK], and members of the mission called at the statue of the great leader President Kim Il-song on Mansu Hill on Saturday [8 April] to lay a floral basket before it and make a bow on the lapse of the nine months since the death of the great leader.

They renewed the determination to take the lead in the struggle for the country's reunification, holding the great leader Comrade Kim Chong-il in high esteem and following him forever.

Foreign Media Carry Kim Il-song's Work

*SK0804044895 Pyongyang KCNA in English 0422
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—"With the Century", the reminiscences of the great leader President Kim Il-song, was carried by foreign newspapers and magazine.

The Ghanaian paper WEEKLY INSIDE carried the detailed gist of the fifth volume of anti-Japanese revolution, the first part of "With the Century," with a portrait of President Kim Il-song.

The Indian paper SAMACHAR POST serialized the full text of "My Father and the Korean National Association" from the first volume.

The Syrian paper AL SAKHAFADUL USUBUAIYE, the Libyan paper AL JADID and the Palestinian magazine PALESTINE AL SAURA No. 599, too, introduced the reminiscences.

Visiting Artistes Call at Kim Il-song Statue

*SK0804051395 Pyongyang KCNA in English 0445
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—Foreign artistes and Korean artistes overseas who came here to participate in the 13th April spring friendship art

festival called at the statue of the great leader President Kim Il-song on Mansu Hill on April 6 and laid bunches of flowers and paid homage to him.

Noting that upon hearing the news that the fatherly leader passed away last year, overseas Koreans, young and old, spent days and nights in a great grief, Om Kyong-sim, head of the art troupe of the International Korean Association (unity), said that the Korean people lost the father of the nation, the greatest of the great men in history. "We feel reassured because we have the great leader General Kim Chong-il," Om Kyong-sim said. "We will continue to sing songs of praise for him with the firm conviction that the fatherly leader Generalissimo Kim Il-song is immortal."

Floral Baskets Placed at Kim Il-song Statues

SK0804102395 Pyongyang KCNA in English 1018 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—People from all walks of life and People's Army soldiers across the country visited the statues of the great leader President Kim Il-song today on the lapse of 9 months since his death and made a bow.

The statues of the great leader built in the capital city of Pyongyang and in all other parts of the country were in a sea of flowers reflecting the deep longing and boundless reverence of all the people and People's Army soldiers for him whom they acclaimed for the first time in the five-thousand-year national history.

Baskets of flowers in the name of party and power organs, administrative and economic bodies, central organs, units of the People's Army and public security organs and bouquets and flowers carried by people from all walks of life were laid before the statue of the great leader on Mansu Hill in Pyongyang.

Written on the ribbons hanging from the baskets of flowers were the letters "The great leader Comrade Kim Il-song is immortal" and "The great leader Comrade Kim Il-song will always be with us."

The people and the People's Army soldiers in other parts of the country also laid floral baskets and bouquets before his statues.

They made a bow with reverence for him who regarded the idea of "believing in the people as in heaven" as his maxim and devoted his great efforts and blood and soul to the freedom and happiness of the people all his life, building and exalting a socialist paradise full of their happiness on this land.

Before the statues of the great leader, they renewed their unshakable will to vigorously struggle to adorn this year in which fall the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country as a most significant year in the history of our country and make their country, their motherland, more

prosperous as befits the soldiers, disciples of the great leader, firmly united around the great leader Comrade Kim Chong-il.

Kim Il-song's 'Revolutionary Theory' Stressed

SK1104104895 Pyongyang KCNA in English 1022 GMT 11 Apr 95

["Eternal Viability of President Kim Il-song's Revolutionary Theory"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 11 (KCNA)—The revolutionary theory of *chuche*, an important component of the revolutionary idea of the great leader Comrade Kim Il-song, is an imperishable one which will be ever-victorious along with the struggle for socialism; it will shine brilliantly as immortal banner clearly indicating the road ahead of the popular masses, alongside the august name of Comrade Kim Il-song.

NODONG SINMUN today stresses this in a signed article headlined "The Great Leader's Revolutionary Theory, Eternal Banner of Victory of Our Revolution."

The article quotes the great leader Comrade Kim Chong-il as saying:

"The *chuche* revolutionary theory is the genuinely revolutionary theory of the working class in the *chuche* era and is the undying communist revolutionary theory which will be ever-victorious along with the struggle for the independence of the working masses."

The article goes on:

The revolutionary theory of *chuche* is an imperishable theory that guarantees everlasting victory firstly because it is a flawless theory that embodies the anthropocentric outlook on the world and is based on unquestioned truth and scientific accuracy.

It is a great theory of the era of independence that gives all the revolutionary people a revolutionary outlook on the world and that scientifically resolves all the theoretical and practical questions raised by the times and people, on the basis of profound philosophical principles.

Its starting-point is the *chuche* idea and it is strictly based on the *chuche* idea in content. The political theory of *chuche* reflects the idea of "believing in the people as in heaven" advanced by Comrade Kim Il-song.

As long as humankind exists, the *chuche* idea, the man-centred outlook on the world, survives forever. So does the revolutionary theory of *chuche* evolved and systematised on this basis.

The revolutionary theory of *chuche* is the most scientific theory based on absolute truth which no one can deny and which represents all the times. The reason is that it is a theory which was created in revolutionary practice and the validity of which has been confirmed in practice.

As the world admits and history and reality confirm, the revolutionary theory of *chuche* is an ever-victorious one that makes it possible to always advance the revolution and construction triumphantly and a just one based on unquestioned scientific accuracy and truth.

The revolutionary theory of *chuche* put forward by the great leader Comrade Kim Il-song is the undying theory that represents all the historical times.

The theory is being enriched and developed by respected Comrade Kim Chong-il, the article says, adding:

The revolutionary idea and theory of Comrade Kim Il-song are precisely the great Comrade Kim Chong-il's and vice versa.

Ten-Day Film Show Marks Kim Il-song's Birthday

SK0804044995 Pyongyang KCNA in English 0425 GMT 8 Apr 95

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—A ten-day film show was opened on the threshold of the 83d birth anniversary of the great leader President Kim Il-song.

The documentary films "The Great History" (parts 1-15), "Great Life in 1994" and "The Great Leader Comrade Kim Il-song Is Immortal" (parts 1-4) on the tireless and energetic revolutionary activities and noble virtues of President Kim Il-song who devoted everything to independence of the country and freedom and happiness of the people and implementation of the cause of independence of the world for over 80 years will be shown in all parts of the country in this period.

The feature films "Star of Korea" (parts 1-10), "The Sun of the Nation" (parts 1-5), "Mt. Paektu", "The Road to the Front" and the multi-part feature film "The Nation and Destiny" will also be shown.

Chang Chol, vice-premier of the Administration Council and Minister of Culture and Art, officials concerned and working people and moviemmen in the city participated in a national ceremony opening the 10-day film show held at the People's Palace of Culture on Friday.

The participants paid a silent tribute to the memory of President Kim Il-song.

Kang Song-san, Other Leaders Watch Art Film

SK0904022595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 8 Apr 95

[FBIS Translated Excerpt] Recently, the Korean Art Film Studio wonderfully created and released, as another monumental masterpiece, the 24th part of the multipart art film entitled "Nation and Destiny" under our party's guidance.

On 13 April, cadres of the party and the government watched this film at the Youth Central Hall.

Watching the film were Comrade Kang Song-san; Comrade Yi Chong-ok; Comrade Pak Song-chol; Vice President Kim Pyong-sik; Comrade Kim Yong-nam; Comrade Chon Pyong-ho; Comrade Kim Chol-man; Comrade Hong Song-nam; Comrade Yang Hyong-sop; Comrade Hong Sok-hyong; Comrade Paek Hak-nim; Comrade Kim Ki-nam; Comrade Hwang Chang-yop; Comrade Kim Chung-nin; Comrade So Kwan-hui; Comrade Kim Yong-sun; Comrade Kim Hwan; Comrade Kim Pok-sin; Comrade Kim Yun-hyok; Comrade Yun Ki-pok; Comrade Pak Nam-ki; Comrade Chon Mun-sop; Mrs. Yu Mi-yong; members and candidate members of the Central Committee of the Workers Party of Korea in Pyongyang; responsible functionaries of the party and power organs, administrative and economic organizations, and social organizations; general-grade officers of the Korean People's Army; anti-Japanese revolutionary fighters; responsible functionaries of scientific, educational, cultural, art, public health, media and publication sectors; and professors and doctors. [passage omitted]

Sunchon Thermal Power Plant Increases Generation

SK0804101695 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 7 Apr 95

[FBIS Translated Text] Reporter Chang Yong-taek of the Central Broadcasting Station reports that electricity producers of the Sunchon Thermal Power Plant, who are vigorously waging the struggle to thoroughly implement the party's revolutionary economic strategy, are overfulfilling power generation plans daily from every generator. They are determined to mark the festive day of April spring with brilliant labor results.

Bearing in their minds the significance of electricity production to the economic development of the country, electricity producers here recently improved the combustion efficiency of boilers by 3 percent more than before. They are generating tens of thousands more kilowatts of electricity per hour compared to the same period last month by ensuring every generator works at full capacity.

Electricity producers of the No. 1 workshop are well following the technical regulations for the operation of turbines and generators, and are fulfilling the electricity production plan by 1.2 times daily. They feel the responsibility for taking a large part of the electricity production task assigned to power plants.

Chagang Power Stations Increase Production

SK1004104795 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 9 Apr 95

[FBIS Translated Text] The working class of the Chagang Provincial electric power sector—which overfulfilled the March and first quarter of year targets of electric power production upholding the great leader Comrade Kim Chong-il's handwritten letter—is keeping

up a vigorous struggle to continuously expand the success of the electric power production in April as well.

According to a report sent by station reporter Choe Ung, the electric power producers of Wiwon Power Station is making an innovation of overfulfilling the daily electric power production target by 30 percent every day, rigorously carrying out the operation and management of facilities as required by the standard operation manual and following the reasonable operation method according to high water level.

The electric power producers of Kanggye Youth Power Station and Changjagang Power Station base their important method of increasing the electric power production on the scientific and technological maintenance of facilities, hydraulic structures, and water. Placing emphasis on this, they are continuously normalizing the electric power production at a high level.

The electric power producers of the small- and medium-size power station operation station of Chagang Province—who have launched themselves into the struggle to adorn the 50th anniversary of the party founding and the 50th anniversary of the national liberation with a grant festival of victors—are making a vigorous struggle to increase the electric power production per ton of water, overfulfilling the daily electric power production target every day.

Kanggye Electricity Producers Increase Production

*SK1104142295 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 10 Apr 95*

[FBIS Translated Text] Party members and the working class in Kanggye youth power station, who are filled with yearning for the fatherly leader greeting the significant day of 15 April, vigorously carried out the struggle for electric power production, thus effecting great achievements.

In meeting with Choe Ung, reporter of the central broadcasting network, Comrade Choe Pyong-nim, head of a workshop, said:

[Begin Choe Pyong-nim recording] Under the guidance of party organizations, functionaries in our Kanggye power station, going down to electricity producers, vigorously inspired the producers so that they link their yearning for the fatherly leader with greater success in the electric power production by cherishing the firm faith that the great leader Comrade Kim Il-song is with us forever.

At the same time, they substantively carried out economic organizational work and commanding of production in order to normalize electric power production at a high level by directing efforts to the work of managing facilities and of waters.

Inspired by this, electricity producers, marking the great leader's 83d birthday, resolved to further glorify the

leadership achievements of the great leader [suryongnim] and the great leader [yongdoja] Comrade Kim Chong-il that are involved in the power station. They produced 200,000 kilowatts more electricity each day than the plan, and supplied it to various domains of the national economy.

In particular, workers and technicians in No.1 electricity generation workshop more reasonably carried out the distribution of the workload to generators by combining their strength and wisdom, and thoroughly ensured a high (?water level) and efficient (?generator operation). Thus, they are overfulfilling electricity production plans every day to a great extent.

Besides, electric power producers in No.2 and No.3 workshops ensured full operation of all generators by properly carrying out management of facilities and thus normalized electricity production at a high level. [end recording]

Scientific, Technological Achievements Lauded

*SK0804101195 Pyongyang KCNA in English 1006
GMT 8 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA)—Ten years have passed since the first National Scientific and Technological Festival began in Korea in 1986.

In this period, ten festivals were held annually with the participation of a total of 2,508,500 scientists, technicians, working people, students and soldiers.

Introduced there were more than 742,000 pieces of scientific and technological achievements which are of importance in the development of the national economy and science and technology.

Of them, 12,000 valuable inventions and hundreds of thousands of devices and rationalisation proposals have been introduced into various domains of the national economy in the 1987-1993 period.

The technical innovations introduced last year grew 1.3 times as against the previous year.

Scientists and technicians made considerable achievements by concentrating efforts on solving scientific and technological problems arising in the implementation of the revolutionary economic strategy of the Workers' Party of Korea.

Those in the agricultural domain obtained a new strain of rice and a good breed of cattle and completed the cultivation method helpful toward the increase of grain output on the west coast plains.

Those in the light industry registered remarkable success in consolidating the already-laid foundations of light industry, modernizing the production facilities, increasing the variety and quantity of goods and in research into new raw materials and other materials.

A large number of materials on achievements made in various domains of the national economy including electric, coal and metallurgical industries and railway transport were presented to the festivals and have been widely introduced into production.

High appraisal was given to many of them including the iron-net cutting method which will decrease the production cost of one-ton coal more than 30 percent and increase the durability of cutting faces more than 1.2 times and to the 8-axle electric locomotive, a new-type electric motor and the efficient method of cutting steel billet.

South Korea

Seoul Seeks Action on Protracted Nuclear Issue

SK1104065895 Seoul CHUNGANG ILBO in Korean
11 Apr 95 p 2

[By reporter Yi Sang-il]

[FBIS Translated Text] On 10 April, the government stated that regardless of the resumption of the DPRK-U.S. light-water reactor expert-level talks in Berlin on 12 April, it will be difficult to resolve the light-water reactor issue by 21 April, the deadline for North Korea to conclude the light-water reactor supply agreement.

Therefore, if North Korea rejects ROK-style light-water reactors to the end and a situation develops in which Pyongyang lifts its nuclear freeze, Seoul plans to apply immediate sanctions against North Korea, including sanctions by the UN Security Council, through consultations with the United States, Japan, the United Nations, and the International Atomic Energy Agency. In this process, the government also decided to actively request PRC and Russian cooperation.

The Foreign Ministry and National Unification Board gave such a report to the Democratic Liberal Party on 11 April on dealing with the light-water reactor issue. In the report, the government said: "At the last DPRK-U.S. expert-level talks, North Korea rejected ROK-style light-water reactors by offering political reasons and safety problems, and claimed the main contractor of the light-water reactor project must be the United States. In light of such an attitude by the North, it will be difficult to conclude the light-water reactor agreement by 21 April."

The government report added: "North Korea will conduct a brinkmanship strategy until the Pyongyang festival concludes on 30 April. If North Korea lifts its nuclear freeze, we will immediately take strong countermeasures such as sanctions by the UN Security Council."

The government explained: "When considering the importance of cooperation with the PRC and Russia if we have to take sanctions against North Korea, we will make continued efforts to secure the two countries' cooperation. Regarding the PRC, First Vice Foreign

Minister Yi Chae-chun already met with Zhang Tingyan, PRC ambassador to the ROK, on 3 April and requested cooperation."

The government was optimistic regarding this matter, saying: "If North Korea resumes its nuclear activities and is once again highlighted as a common task in the international society, it will be difficult for Russia and the PRC to oppose sanctions against North Korea."

Significance of Joint Military Exercise Viewed

SK1004031495 Seoul TONG-A ILBO in Korean
9 Apr 95 p 3

[Editorial: "Joint Military Exercise by the ROK Army, Navy, and Air Force"]

[FBIS Translated Text] We cannot help but feel that the situation on the Korean peninsula is returning to a state of tension due to the confrontation regarding the acceptance of ROK-style light-water reactors following the DPRK-U.S. agreement in Geneva. Some demand sanctions against North Korea if it again operates nuclear facilities and successive reports were publicized that the United States has mapped out a new ROK-U.S. joint defense system.

The North Korean nuclear problem is one of the most important pending issues for us to resolve. We hope, however, that this problem does not serve as an occasion to cause tension on the Korean peninsula and to cast dark clouds of war over the Korean peninsula. Thus, in this column we have repeatedly made clear our position that we should make the utmost efforts to resolve the North Korean problem within the scope of safeguarding our pride and of not losing sight of practical interests. We need to pay keen attention to the U.S.-DPRK light-water reactor negotiations to be resumed in Berlin on 12 April.

The first 1995 joint tactical training, which was conducted in the areas of Kwangwon, Kyonggi and North Kyongsang Provinces and along the east coast from 3 to 8 April, is of great significance in view of the recent situation on the Korean peninsula. It was the first joint tactical training by the three services of the ROK Army, Navy, and Air Forces conducted under the command of the ROK Joint Chiefs of Staff since the ROK Armed Forces took over peacetime operational command from the U.S. Forces at the end of last year. It is believed this exercise has something to do with the situation on the Korean peninsula, which has the possibility of changing suddenly.

In particular, aerial offensive exercises, mobile division training, and dispersion training were conducted during the recent joint tactical exercise—simulating a situation in which 100,000 enemy troops launched a surprise attack. In addition, a surprise landing exercise by the Marine Corps, training for supporting Marine Corps' landing operations, and joint aerial attack exercises by the Air Force, which included new maneuvers, were also carried out. The current joint tactical training, unlike

defensive exercises in the past, combined both offensive and defensive exercises. This exercise was aimed at promoting the independent operational capabilities of the ROK Armed Forces.

The present ROK-U.S. joint security system is a positive "structure" to guarantee security and peace on the Korean peninsula. It will be of great benefit, however, not only to our own security, but to collective security, for the ROK Armed Forces to have independent operational capabilities within this structure. Furthermore, promotion of independent operational capabilities is one of the essential requirements to achieve the self-defensive capabilities that we ultimately desire.

The issue of replacing the Armistice Agreement with a peace agreement, which North Korea has been pursuing, is also indeed serious because this issue cannot be resolved without a basic change of the functions of the Military Armistice Commission and the Neutral Nations Supervisory Commission—organizations that oversee armistice affairs—as well as to the positions of the UN Command and U.S. Forces in South Korea. In addition, this issue automatically raises the issue of the ROK Armed Forces recovering wartime operational command. The first 1995 joint tactical exercise, held at such a delicate time, is part of regular training. However, we should, by no means, minimize its significance and results.

Minister Notes Russia's Possible Role in KEDO

SK1104090895 Seoul YONHAP in English 0856 GMT 11 Apr 95

[FBIS Transcribed Text] Seoul, April 11 (YONHAP)—Foreign Minister Kong No-myong reemphasized Tuesday the importance of implementing the framework agreement signed in Geneva last October, in particular, breaking the deadlock over the provision of South Korean standard model light-water reactors to the North.

At a luncheon held at the Seoul Foreign Correspondent's Club, Kong charged the North's tactics of "brinkmanship" and their obstinate refusal to accept the South Korean model reactors as the main reasons for the delay.

"The problem we are facing is that we are not sure whether North Korea's determined rejection of Korean model reactors is simply a tactical move to raise the ante in the reactor negotiations or a strategic gambit designed to deal directly with the U.S. over other issues," Kong explained.

The foreign minister maintained that direct negotiations with the United States and Japan, excluding the South, is an obvious attempt to "drive a wedge" between their "unflagging united stance" to implement the accord.

The three countries are the principal members of the Korean Peninsula Energy Development Organization (KEDO), an international consortium tasked with providing the North with two light-water nuclear reactors.

Kong dismissed the issue of the North perceiving South Korean reactors as a "Trojan horse" or "technically not safe," by praising the recently installed Ulchin No. 3, the same model that the North's reactors would be based upon, as "one of the most advanced (and safe) reactors."

On a more flexible note, the minister claimed that if Russia becomes a member of KEDO, they may participate in the supply of reactors.

"I think the Russian Federation can play a very constructive role in the whole issue if Russia joins KEDO," Kong said, reiterating, however, that the light-water reactors that KEDO is to supply will be a Korean model.

"But Russia," he added, "for instance, may contribute in the supplying in the form of uranium fuel."

However, Kong was firm in his demand for a South-North Korean dialogue, citing the North's "huge stockpile of chemical weapons" as an impetus to press for the easing of tension on the peninsula.

He also maintained the stand that if the North defreezes its nuclear program, it would be considered a "breach of the Geneva agreement," inviting a strong reaction from the international community, namely economic sanctions imposed by the United Nations Security Council.

The foreign minister also strongly criticized the North for the removal of foreign delegations that were in North Korea under the Military Armistice Commission.

He claimed that North Korea "manipulated" China, "took advantage" of Czechoslovakia and "physically threatened and forced" Poland. As a result, those three countries' delegations withdrew from the North.

Kong stressed trust as a factor that would bring the North and South closer, pointing out that the South does not view the Najin-Sonbong free economic and trade zone as a threat.

"The leadership in 'Pyongyang could turn the Korean model reactors from a perceived 'Trojan horse' into a 'knight in shining armor,'" he claimed.

Yonggwang Nuclear Power Plant Features Described

SK0704014295 Seoul THE KOREA HERALD (Supplement) in English 7 Apr 95 p 2

[FBIS Transcribed Text] With the Yonggwang Nuclear Power Plant Unit 3 going into commercial operation this year, Korea has joined the ranks of world's leading countries which are self-reliant in terms of nuclear technology.

Yonggwang Unit 3 had completed successfully fuel loading in September 1994 and will serve from now on as the basic model for Korean standard nuclear power plants with pressurized water reactors (PWR).

The model is exactly the same one which will eventually be constructed in North Korea by technicians from the Korea Electric Power Corp. (KEPCO) with financial backing from Korea, the United States and Japan.

Under the government's long-term plan, Korea is scheduled to have 23 nuclear power plants by the year of 2006, including nine units already in service.

The nation's first ever nuclear power plant was Kori nuclear power plant unit 1 located in Kori, some 20 km north of Pusan, which went into commercial operation in April 1978. The light-water type atomic reactor was supplied by Westinghouse of the United States on a turn-key basis.

Yonggwang Unit 3 is equipped with a pressurized light-water reactor, which, for the first time in Korea, has been manufactured by local technical teams.

Korean companies have participated in the Yonggwang nuclear power plant project as the prime contractors from; overall project management, plant design and engineering to nuclear steam supply system (NSSS) design and fuel design and NSSS equipment manufacturing, while foreign firms have been acting as subcontractors.

Ground was broken in June 1989 for the construction of Yonggwang Units 3 and 4 and Yonggwang Unit 3 passed one and a half years of government regulatory tests before earning the government's authorization to start operation late last year.

Yonggwang Units 3 and 4 with a rated generating capacity of 1,000 megawatt each are scheduled to go into commercial operations this year and next.

When Korea embarked on nuclear power plant construction projects for the first time in the 1970s, the nation was totally dependent on foreign companies, mainly the United States.

Since the early 1980s, nuclear power plant projects started to be undertaken on what they described as "component basis" instead of turn-key basis.

This indicated that the state power utility company KEPCO took initiative in the nuclear projects and placed orders for nuclear equipment design and manufacturing with foreign firms.

Under the new formula, foreign companies were main contractors while local firms were subcontractors.

By so doing, KEPCO managed to accumulate the overall project management, plant design and engineering expertise, while pushing ahead with its nuclear power plant localization plans.

Starting with the Yonggwang Units 3 and 4, KEPCO started designating local companies as prime contractors and foreign firms as subcontractors in a move to enhance nuclear technology self-reliance level.

In the case of Yonggwang Unit 3, KEPCO was in charge of overall project management and Korea Power Engineering Co. (KOPEC), was the main architect engineer.

Sargent & Lundy of the United States acted as KOPEC's subcontractor for plant design and engineering or architect engineering.

The KAERI, in the meantime, was named by KEPCO as the main contractor for Yonggwang Unit 3's NSSS design and fuel design, and the Combustion Engineering of the United States served as KAERI's subcontractor.

The state-run Korea Heavy Industries and Construction Co., known as HANJUNG, was in charge of fabrication and supply of NSSS equipment and the turbine generator.

Combustion Engineering (CE) and General Electric of the United States supported HANJUNG in the production of NSSS equipment and the turbine generator, one of the most vital parts of the power plant.

Korea Nuclear Fuel Co., (KNFC) was the sole fabricator and supplier of nuclear fuel and Hyundai Engineering and Construction Co. was responsible for the construction of Yonggwang Unit 3.

Under the technology transfer agreement signed in April 1987, for example, Korean companies can secure technical know-how through the transfer of technical documents and computer codes, engineering documents and standards, classroom and on-the-job training, and participation in the contractor's research and development (R&D) programs.

KOPEC was the main architect engineer on the Ulchin Units 3 and 4 construction project, which started in 1991.

KOPEC has played a leading role in nuclear power plant design standardization since 1982.

About 120 engineers from Sargent & Lundy of the United States have worked for the Yonggwang project during its peak, whose number has now declined to 50 for the Ulchin project.

For the Yonggwang Units 5 and 6 whose construction is to start next year, Korea will need fewer foreign engineers as Korea technological self-reliance in the nuclear power plant area has largely been boosted.

"Our experience in Yonggwang Units 3 and 4 will help the construction of the Ulchin Units 3 and 4 which are to be completed in 1998 and 1999," said a KEPCO official.

Reactor To Mark Milestone in Industry

SK0704015295 Seoul THE KOREA HERALD
(Supplement) in English 7 Apr 95 pp 1, 2

[FBIS Transcribed Text] Another milestone in Korean atomic energy industry will mark today when HANARO was officially dedicated for operation in an inauguration

ceremony at the Korea Atomic Energy Research Institute (KAERI) in Taejon, some 120 km south of Seoul.

Visiting Secretary-General of International Atomic Energy Agency (IAEA) Hans Blix will attend the historic ceremony along other prominent figures from Korea and foreign countries including Minister of Science and Technology Chong Kun-mo and U.S. Amb. James Laney.

President Kim Yong-sam, who made an inspection tour of the research institute late last month, had underscored the need for Korean nuclear scientists to play a contributing role in increasingly independent global nuclear scientific communities through joint research projects with their foreign counterparts.

HANARO is a 30 megawatt thermal output open-pool type reactor with uniform high flux providing a variety of irradiation holes suitable for the next century.

HANA (hi-flux advanced neutron application) stands for "one-of-a-kind" or "number one" and RO stands for "reactor" in Korean language.

Colloquially, HANARO also means in Korean language "toward national unification" which implies the long-cherished dream and aspiration of 50 million Korean people in both South and North Korea.

The official dedication of the research reactor HANARO came as part of the government projects to mark the 50th anniversary of the nation's liberation from the 36-year-long Japanese colonial rule which ended Aug. 15, 1945.

"This symbolizes the culmination of over 10-year effort to design and construct a truly unique world-class research reactor by Korean initiatives," said Sin Chae-in, president of the Korea Atomic Energy Research Institute (KAERI).

"Utilization of this new facility is of utmost importance in view of the fact that the nation's growing demand for clean energy in the years to come," said Sin.

Preparation for fuel and material irradiation testing using loop and capsules to simulate power reactor core environment has successfully been under way, explained.

With ample production of radioisotopes, HANARO intends to establish itself as a reliable supplier of key radiopharmaceuticals for the world market, according to Sin.

"We are also looking forward to seeking neutron transmutation doping for the semiconductor industry, neutron activation analysis and neutron scattering beam experiments, among others," Sin disclosed.

The nation's first ever research reactor with a thermal output capacity of 250 kilowatt was dedicated in 1962

and then a 2-megawatt reactor, the second of its kind in Korea, went into operation in 1972.

The two research reactors, however, have limited technical capacity in producing radioisotopes mainly because of obsolete facilities and technology. The two reactors then faced suspension of its operation in early 1980s when the KAERI was moved to the Taedok Science Town near Taejon.

It was in the mid-1980s that concrete action program for the construction of HANARO research reactor got under way against the backdrop of ever-increasing demand for nuclear energy at home and another application of atomic power to medical and other industrial areas.

"HANARO is one of the ten most outstanding research reactors of its kind in the world out of some 300 reactors scattered around the globe," said Sin.

When HANARO goes into full commercial operation, 40 percent of the domestic demand for radioisotopes will be covered by the new reactor, thus saving some 3 billion won annually which would otherwise be used to import foreign-made ones.

Since the construction of the reactor started in 1985, a total of 114.4 billion won has been poured into the project.

The site of HANARO research reactor has a total space of 23,000 pyong (one pyong equal 3.3 sq. meter) and is housed in a structure with a total floor space of 6,405 pyong.

Leading international and Korean contractors have taken part in the multimillion won project. Among them are BNC of the United States, AECL of Canada, Korea Electric Power Engineering Co., a subsidiary of the state-run utility KEPCO, Hyundai Engineering Co., and Hyundai Construction and Engineering Co.

"HANARO is one of eight multipurpose research reactors with maximum thermal flux of 5×10^{14} n/cm².sec which are in operation at the present time worldwide," said Sin.

He also explained that there are also only 55 research reactors with more than 10 megawatt in thermal output capacity out of 308 reactors in 58 countries.

As such, HANARO is expected to play an important role in developing atomic research works not only in Korea but also in the international arena, he said.

President Meets Visiting U.S. Think Tank Members

SK1104074395 Seoul YONHAP in English 0654 GMT 11 Apr 95

[FBIS Transcribed Text] Seoul, April 11 (YONHAP)—President Kim Yong-sam on Tuesday met five senior officials from the American Enterprise Institute (AEI), a

non-profit U.S. research agency, including former American Ambassador to Korea James Lilley, to exchange views on the situation in Northeast Asia as well as the entire Korean peninsula.

The visitors included AEI Chairman Christopher Clay Demuth, Senior Vice Chairman David Gerson, Asia Research Program Director James Lilley, research fellow Nicholas Eberstadt and Rep. Mark Sanford.

The chief executive explained to the American visitors the government's stance on the North Korean nuclear issue including the provision of light-water nuclear reactors to the North and inter-Korean relations, according to Chongwadae officials.

The AEI Mission arrived in Seoul Monday to review preparations for a seminar entitled "Korea-U.S. Economic Relations Under the New World Economic Order." The seminar is co-sponsored by the Korea Institute of International Economic Policy and to discuss South Korea's political and economic issues. The mission is leaving Seoul Wednesday.

U.S. Pressure To Open Market Criticized

SK1104083495 Seoul HANGYORE SINMUN in Korean 11 Apr 95 p 3

[Editorial: "We Are Being Pushed Excessively With Market Opening Pressure"]

[FBIS Translated Text] U.S. agricultural, livestock, and fishery products are rushing into our market. It has been reported that 18 U.S. companies are exhibiting products such as rice, meats, dairy products, fishery products, fruits, and even mineral water, at the "International Food Technology Show" which opened at the KOEX exhibition hall 10 April. It also appears that recently, the U.S. Government has intensified trade-related pressure to a remarkable extent, going beyond the bounds of international practices which they should respect. Whenever the customs clearance of imported goods from the United States is delayed because such goods do not meet our country's regulations or relevant procedures, the U.S. Government seems to make all kinds of excuses to find fault with us. For example, it is natural to delay customs clearance for: pet food whose contents are found to differ from what is written on the labels in the process of inspecting ingredients; popcorn, on which colon bacilli have been found after bacteriological examination; and chicken with cockscomb, which may be edible to Americans, but not to us. This notwithstanding, the U.S. Government is reportedly finding fault with us, as though such a delay in the customs clearance procedure were "a non-tariff barrier." This may be construed as part of the United States' efforts to try to catch our market with a dragnet.

What is all the more unsightly is the fact that our government has even decided to conduct a ROK-U.S. joint reexamination of the ingredients in, and a bacteriological examination of, the foods in question. Is this the

attitude that the government of a sovereign state should take? Conversely, we would like to ask the government if it has ever found fault with the United States in similar cases and if it has ever succeeded in rectifying what it uncovered. Today's situation is quite different from that of the past when we always felt indebted to the United States because we made up most of the deficit in our international balance of payments with the many exports to the United States and in which we used to regard U.S. requests for market opening as merely a bitter drink that we could not avoid. Last year, we exported goods worth \$20.5 billion to the United States and imported goods worth \$21.5 billion from it, thereby recording a trade surplus amounting to \$1 billion. Now, our trade with the United States has literally become "a bilateral issue." This notwithstanding, we cannot help but get the feeling that the on-going trade-related practice is far from bilateral and that we are unilaterally being pushed and trampled underfoot.

Each government agency which is coping with the pressure for market opening voices a different opinion. The representative agency for relevant negotiations is the Ministry of Foreign Affairs, but the practical business is conducted by different government ministries depending upon the nature of each individual issue. Our poor negotiating ability may not be a direct result of the confusion caused by this, but no one can deny the effect it has had in adding to the confusion. This kind of system will create a situation in which it will also be somewhat difficult to clarify where the responsibility lies when something goes amiss. We hope that the government will, first of all, straighten up and brace itself to keep our country from being pushed any longer.

Decision To Simplify Customs Clearance Decried

SK1104011895 Seoul THE KOREA HERALD in English 11 Apr 95 p 3

[FBIS Transcribed Text] The Ministry of Health and Welfare's recent decision to simplify customs clearance of imported farm products in compliance with the United States' demand has prompted criticism from local consumer activists.

"In view of the weak safety inspection system here, such an action amounts to a declaration of giving up safety tests of imported farm products," said Song Politic-kyong, a sociology professor at Seoul Women's University, who heads a private consumer watchdog organization.

The well-known consumer activist raised her voice, saying that it is lamentable that the government has habitually yielded to the pressure of the United States, paying no attention to Korean consumers' rights on food safety.

In response to the U.S. complaints about complicated and time-consuming quarantine procedures, the ministry has recently decided to change the current quarantine inspection-first system into custom clearance-first system.

Under the new measure, which went into effect April, such perishable imports such as vegetables and fruits are passed through customs after a sampling test. So far, those goods underwent quarantine inspections before they are cleared through customs.

The ministry's action was belatedly revealed here last week when the delay in customs clearance of U.S. grapefruit touched off a trade dispute between the two countries. The dispute erupted when 13 percent of the grapefruit imports rotted in the process of customs clearance, which took 17 days from Feb. 20.

The ministry was greatly upset by the U.S. move to bring the case before the World Trade Organization (WTO) for a fast-track settlement even though it had informed the United States of its plan to simplify the custom clearance procedure earlier.

"It isn't fair that the United States is taking such an action even if we have done, out best to comply with their demand," said Sim Han-sop, director of the ministry's food safety department.

The ministry also promised to cut the test period from the current 25 days to five days.

"The most important part of quarantine inspection is a pesticide residue test," said Song. "Taking account of the situation at local quarantine offices, it is out of the question to finish the test within five days."

The outspoken activist's argument appears well-grounded, especially in view of the understaffed local quarantine offices.

"The lack of manpower is so severe that we can't afford to do our job properly," said an official. "The staff of 79 are handling the tests of imported foods which reaches about 100,000 cases annually."

The imports of foreign foods and farm products has steeply risen in line with the opening of Korean markets under the Uruguay Round agreements.

Moreover, the ministry increased the testing items of residue pesticide from the previous 58 to 105 to strengthen safety inspection of imported foods and agricultural products from January this year, adding to the workload of quarantine officials.

The ministry plans to withdraw imported perishable foods from the market when a sampling test proves harmful to health.

"The recall system can be workable in the countries where private monitoring is well established," Song said. "But in Korea, it is outrageously premature."

In a related move, the government and the ruling Democratic Liberal Party is studying to inaugurate a new body in charge of food safety management like the Food and Drug Administration (FDA) of the United States.

USFK Limiting Koreans' Base Escort Privileges

SK1104003395 Seoul THE KOREA TIMES in English
11 Apr 95 p 3

[By staff reporter O Yong-chin]

[FBIS Transcribed Text] The U.S. Forces Korea (USFK) is drastically limiting authorized Korean nationals' privileges to escort up to three guests into U.S. military posts.

The USFK move is seen to nip in the bud troubles between its personnel and Koreans, especially after the U.S. MPs' alleged beating of Korean women inside its post in October of last year.

According to the Seoul District Prosecutors' Office yesterday, the USFK requested Koreans with entry passes into U.S. military posts to renew them.

The affected Koreans comprise over 10,000, who are not employed by USFK but are issued the passes on the basis of goodwill. They are in the main members of various Korean-USFK fraternities or company officials contracted for business inside the posts.

Upon renewal of their passes, many of them lose their erstwhile escort privileges. The USFK also allows escorts on a request basis by enabling additional checks on them.

One prosecutor said that the USFK move is tantamount to canceling the escort privileges completely.

"The renewal of the passes seems routine but certainly its main purpose lies in revoking all escort privileges, considering that the absolute majority of passes will be renewed without escort privileges," he said.

USFK, however, commented that the renewal is just routine, with no ulterior purposes, confirming that the standards have been tightened.

"We renew the passes on a regular basis. The ongoing one is a routine one and nothing out of ordinary. It started January this year and will continue until June," he said.

"But we are tightening the standards for the issuance of passes so as not to leave to chance the possibility of their being used for unintended purposes," he said.

Troubles between Koreans and U.S. soldiers occur occasionally. Last October, a Korean wife to a U.S. serviceman and her mother were allegedly beaten by U.S. military policemen inside one post in Seoul.

The case has yet to be settled as USFK is resisting the prosecution of the soldiers by Korean authorities.

DPRK Students Absent From Symposium in U.S.

SK0804020695 Seoul YONHAP in English 0114 GMT
8 Apr 95

[FBIS Transcribed Text] Los Angeles, April 7 (YONHAP)—The possibility of a meeting between South and

North Korean student representatives disappeared as the North's delegates did not arrive here, breaking their promise to attend a university-sponsored symposium.

A four-member delegation from North Korea was scheduled to arrive in San Francisco Wednesday to attend a symposium for peaceful Korean unification that was to be held Saturday at the University of California [UC] at Berkeley.

Officials at the UC's Committee for Korean Studies which is sponsoring the symposium said Friday that the North Korean delegation did not arrive here as scheduled without prior notice they would not attend.

Among the student representatives are Kim Tae-sik, Student Council president of Seoul National University and Kwon Ho-ung, Student Committee leader of Kim Il-song University in Pyongyang.

Committee staffs, judging that the North Korean delegates would not attend, decided to go ahead with the symposium as scheduled without the North Koreans.

Four members from each South and North Korea were slated to meet at the symposium.

Committee staffs at the UC Berkeley said they made phone calls to the North Korean Embassy in Beijing, but could not contact officials there as they did not answer the telephone. The North Koreans' U.S. entry visas were issued at the U.S. Embassy in Beijing and the air tickets for the North Korean delegates were sent to the North Korean Embassy in Beijing by the committee.

Two South Koreans Visit North Without Permission

SK1104112695 Seoul YONHAP in English 1112 GMT 11 Apr 95

[FBIS Transcribed Text] Seoul, April 11 (YONHAP)—An Ho-sang, 93, head of Taejonggyo, and another senior official of it were known to have entered North Korea Tuesday without government permission. An official at the National Unification Board said An and Kim Son-chok, Taejonggyo's chief secretary, unlawfully flew into Pyongyang via Beijing. Taejonggyo is an indigenous faith revering Tangun, the legendary progenitor of the Korean people. The official said the two earlier applied for permission to visit North Korea but were told by his board this is no proper time for them to visit North Korea.

"In disregard of the notification by the board, the pair left the country on April 9 and had been staying in Beijing before entering North Korea Tuesday," he said.

Before his departure, An told some of his associates that since Tangun ascended to heaven on April 14 from the Kuwol mountain now in North Korea, he would go to North Korea and persuade officials there to make April 14 a national holiday, a source said.

An Ho-sang, a noted philosopher with a Ph.D. from Jena University of Germany, served as the Republic's first education minister in 1948-50. He was a member of the House of Councilors in 1960-61 and has also been a member of the National Academy of Sciences. He assumed the presidency of Taejonggyo in 1992.

Researcher Compares North, South Economies

SK1004114495 Seoul YONHAP in English 1128 GMT 10 Apr 95

[FBIS Transcribed Text] Seoul, April 10 (YONHAP)—Total North Korean economic ability is no more than one eleventh of South Korea's but the South suffers relative weakness in the self-sufficiency of foods, energy and strategic mineral items, a Seoul researcher said Monday.

Namgung Yong, a research member of the Research Institute of National Unification, said South Korea leads North Korea 14 to one in gross national product (GNP), 2.4:1 in industrial production and 20:1 in external trade.

Namgung said he obtained the comparison under a 200-point analytical method, the 200 points comprising 100 in GNP and 20 each in the self-sufficiency of energy, self-sufficiency of key mineral items, self-sufficiency of foods, industrial production ability, and external trade.

Under the method, he said, South Korea's total score reaches 90: 100 in GNP, 19 in industrial production ability, 20 in trade, minus 20 in foods, minus 12 in energy, and minus 17 in major mineral resources.

On the other hand, North Korea's score stood at mere eight: Seven in GNP, minus three in foods, minus one in energy, minus three in key mineral resources, eight in industrial production ability, and zero in external trade.

The South Korean economy has grown at the annual rate of 9.1 percent from 1987 through 1992 while North Korea saw its economy register a minus 1.3 percent growth a year on the average during the same period, Namgung said.

UNIDO Postpones North Korea-Related Projects

SK0804005495 Seoul YONHAP in English 0042 GMT 8 Apr 95

[FBIS Transcribed Text] Seoul, April 8 (YONHAP)—The United Nations Industrial Development Organization (UNIDO), spearheading the Tuman River development program, has postponed all its 1995 projects involving North Korea until next year.

The UNIDO official in charge of Far East projects, based in Paris, has confirmed that all North Korea-related UNIDO projects for this year including an international seminar designed to induce investments into the Najin-Sonbong free economic and trade zone slated for early

September and an environmental technology support project have been suspended until next year, official sources here said Saturday.

These projects will be integrated into one project called "1996 Investment in North Korea Forum" next year.

The postponement has come at the request of the UNIDO Pyongyang office, which was relayed by the UNIDO Beijing office.

The Najin-Sonbong workshop, a follow-up to a visit to Seoul by the UNIDO director-general last November, will again be postponed to next year at the request of the UNIDO Beijing office, the UNIDO official was quoted as saying. The workshop, originally scheduled for May or June, has already been put off until September only recently.

The UNIDO official reportedly said that the postponement has yet to be notified to South and North Korean authorities. The exact cause of the postponement is still unknown, but official sources here say that financial problems might be the reason.

Vietnam Communist Party Leader Arrives on Visit
SK1104071995 Seoul YONHAP in English 0648 GMT 11 Apr 95

[FBIS Transcribed Text] Seoul, April 11 (YONHAP)—The top Vietnamese leader flew to Seoul Tuesday to meet with government officials in an effort to enhance political and economic cooperation between the two countries.

The Vietnamese Communist Party's General Secretary Do Muoi visited the country at the invitation of President Kim Yong-sam, in Kim's capacity as president of the ruling Democratic Liberal Party (DLP), and the government, according to officials at the Ministry of Foreign Affairs.

In Seoul until April 17, the Vietnamese Communist Party leader will hold talks with President Kim, Prime Minister Yi Hong-ku and DLP Chairman Yi Chun-ku to discuss ways the two countries can enhance political, economic and cultural cooperation, the officials said.

Do Muoi is the first Vietnamese Communist Party General Secretary to visit the country and the government will give him due treatment as a leader of the Socialist Republic of Vietnam, the officials said, noting that the general secretary of Vietnam's Communist Party is in actuality the top decision-maker of that country, as is the case in other socialist countries.

Do Muoi is the highest-ranking official in the Vietnamese hierarchy, followed by President Le Duc Anh and Prime Minister Vo Van Kiet, they said.

Vo Van Kiet visited the country in May 1993, and Prime Minister Yi Yong-tok reciprocated Van Kiet's visit when the prime minister travelled to Vietnam in August of last year.

At that time, Yi delivered President Kim's invitation to Do Muoi orally, the officials said.

They expect the visit to Seoul by Do Muoi to pave the way for South Korean businesses to advance into the Vietnamese market while strengthening bilateral cooperation in international forums.

South Korea is the third largest trading partner for Vietnam after Japan and Singapore with 1,027 million dollars of exports and 114 million dollars of imports a year and the fourth biggest investor country in the socialist state after Taiwan, Hong Kong and Singapore with 880 million dollars invested as of the end of 1994.

Since normalizing diplomatic relations between the two countries in 1992, 63 South Korean trading firms have established offices in Vietnam and 98 businesses have invested in the socialist country and the governments of the two countries have signed agreements on trade, aviation, investment guarantee, culture, and customs to promote business activities.

Vietnam has 72.5 million people and occupies 330,000 square meters of land, about 1.5 times the size of the Korean peninsula.

Do Muoi and his 42-member entourage and over 30 Vietnamese businessmen will make tours of the country's industrial facilities for three days after finishing their four-day stay in Seoul, said the officials.

Do, who also served as prime minister between 1988 and 1991 before taking the post of party general secretary in 1991, has successfully launched the "Doi Moi" policy, the Vietnamese version of "perestroika" or openness.

Major Companies' Investments in SRV Discussed
SK1104075695 Seoul KYONGHYANG SINMUN in Korean 11 Apr 95 p 5

[Article by reporter Kim Tong-sop: "Combination of High Technology and Low Wages Radically Increases Trade"]

[FBIS Translated Text] Pohang Iron and Steel Company, Samsung, LG [formerly Lucky-Gold Star], Daewoo, and other major ROK business companies are briskly carrying out big investment projects in Vietnam. These projects combine ROK high technology with Vietnam's low wages, skilled workers, and abundant natural resources.

The main purpose of the visit to the ROK by Do Muoi, general secretary of the Vietnamese Communist Party, is to promote bilateral economic cooperation. General Secretary Do Muoi once stated, "Vietnam is very much interested in the ROK's steel, shipbuilding, machinery, and electronics industries."

Pohang Iron and Steel Company is carrying out a steel-making project to produce two to three million tonnes of iron and steel a year.

Samsung decided to build a polyester fabric plant and an electronic appliances assembly plant on a site of 120,000 pyong [one pyong equals 3.954 square yd.] in the Nong Tran Industrial Estate in Dong Nai Province and start production in August 1996. It filed an application for approval with the Vietnamese Government last February. Daewoo is carrying out a project to invest \$1.43 billion in its exclusive 1.5 million-pyong industrial estate at Sai Dong near Hanoi.

LG is carrying out four joint-venture projects, including a project to build a color television manufacturing plant near Ho Chi Minh City to manufacture 200,000 sets a year from March in 1996.

ROK business companies' investments in Vietnam have drastically increased every year. Currently, they have invested \$441 million in 111 projects as of February this year. The ROK is the fourth largest investor after Taiwan, Hong Kong, and Singapore. The ROK and Vietnam, which had unfortunate past ties because of the Vietnam war, have now established inseparable relations.

The volume of trade between the two countries passed the \$100 million mark in 1990; it passed the \$1 billion mark last year.

The ROK is Vietnam's third largest trading partner after Japan and Singapore.

The ROK exports chemical, steel and iron, and machinery products and other heavy chemical products to Vietnam and imports agricultural and fishery products, raw cotton, coal, and scrap iron.

The ROK's trade surplus with Vietnam has expanded every year. The ROK recorded a trade surplus of \$84 million in 1990, \$379 million in 1992, and \$914 million in 1994.

However, investments in Vietnam have many problems, as well.

Some companies sought processing-on-commission trade without obtaining approval from the Vietnamese Government. Therefore, they failed to recoup their investments.

Some other companies failed because they had no understanding of Vietnamese culture and sentiment and had conflicts with workers.

Cho Yong-pok, a section chief of the Korean Trade Promotion Corporation who served as chief of the ROK Trade Mission in Ho Chi Minh City, said: "In view of abundant human and natural resources and easy access to Laos and Cambodia, Vietnam can be an important place for ROK investments." He went on to say: "We must facilitate cultural and sports exchanges with Vietnam to enhance the ROK's image there."

Firm Considers Joint Projects in SRV, Indonesia

SK1004090695 Seoul YONHAP in English 0756 GMT 10 Apr 95

[FBIS Transcribed Text] Seoul, April 10 (YONHAP)—Pohang Iron and Steel Co. (Posco) is making feasibility

studies for joint-venture construction of integrated steel works in Vietnam and Indonesia.

The Vietnamese Government has informally proposed that Posco undertake a partnership in its program to build an integrated steel works with an annual capacity of 2 million to 3 million tons, Posco officials said Monday.

Similar proposals have reportedly been filed with representatives of Japanese and U.S. steel manufacturers as well.

Posco responded to an offer by Kodeco Co., an Indonesian Company run by a Korean, to jointly build an integrated steel works with an annual capacity of 1 million tons, dispatching a feasibility study team to Indonesia last year. The feasibility study is still underway.

The Vietnamese offer to Posco is expected to be formalized when the Vietnamese Communist Party General Secretary Do Muoi arrives in Seoul Tuesday on an official visit. While in South Korea, Do Muoi is scheduled to confer with Posco Chairman Kim Man-che.

A Posco official said, "We have received no formal Vietnamese proposal involving the construction of an integrated steel works, nor have we received detailed data. But we are conducting an informal feasibility study in case it becomes official."

But Posco is proceeding with caution because such projects, in the long term, may boomerang on it.

Besides, an integrated steel works project requires not only a huge sum of capital for investment, but also infrastructure facilities such as electricity, industrial water, port and road facilities.

Accordingly, Posco can hardly jump at such offers merely for the sake of making a profit, the officials pointed out.

In addition, both Indonesia and Vietnam reportedly want Posco to invest in their infrastructure as well. It will therefore take a considerable period of time for Posco to make final decisions on the offers, the officials added.

Minister Stresses 'Balanced Approach' on Trade

SK0904020195 Seoul THE KOREA TIMES in English 9 Apr 95 p 16

["Abridged text" of speech by Pak Chae-yun, International Trade and Industry minister, to the Foreign Correspondents' Club at the Press Center in Seoul on 7 April: "Trade and Industrial Policies for the New Economy"]

[FBIS Transcribed Text] Compliance with international rules will surely work to the long-term interests of Korea. But we should not take a merely passive stand. Korea also needs to work with the international community in further developing such rules.

Thus, the basic principles of our trade policy can be described as follows:

First, we will pursue a balanced approach toward imports and exports. We will continue to promote exports, but will not pursue the objective by way of providing direct subsidies.

Our policy will aim at improving the quality and design of export goods, assisting marketing efforts abroad, helping reduce indirect expenses by developing paperless trade procedures, and expanding information networks for traders.

Consistent Import Policy

As for import policy, the government will pursue a consistent, far-reaching import liberalization. In doing so, we will take more account of the concerns and interests of our trading partners.

Our import policy will also be pursued to improve welfare of Korean consumers. In particular, we plan to liberalize imports of virtually all the remaining import-restricted items by June 1997 and drastically reduce the number of goods listed for import diversification.

Second, the government will make heightened efforts to promote trade in technologies and flow in inbound and outbound capital. We are especially interested in developing new ways of combining Korea's manufacturing base with advanced foreign technology.

With that end in view, the government has given high priority to improving the nation's foreign investment climate. Foreign-invested firms are being given greater access to domestic and offshore capital, various tax benefits, and more freedom to acquire land and build factories.

Foreign firms will also be able to lease factory sites on very reasonable terms at two high-tech industrial parks reserved exclusively for them. As a result of these measures, we wish to make Korea one of the best places to do business.

Third, we will actively participate in strengthening the multilateral trade system. In the past, we were rather passive in such multilateral initiatives due to political sensitivity and/or economic difficulties involving trade liberalization.

Trade Diplomacy

We need to assume a role in multilateral forums commensurate with our growing economic importance. In this regard, the government will amend current domestic trading rules to bring them into full conformity with the newly-launched WTO [World Trade Organization] regime.

The government will also facilitate Korean investment abroad and thereby accelerate the globalization of Korean companies. We plan to liberalize the sectors

formerly restricted, simplify the procedures, and expand financing opportunities for outbound investment.

In its trade diplomacy, the government will actively participate in the discussion of new trade issues. Besides the subject of trade and environment concerning which WTO-level negotiations are underway, many other new trade issues were raised at the Marrakesh ministerial for discussion in the WTO.

They include labor standards, competition policy, and investment, which are related to trade. Korea has no objection to discussing such issues in multilateral forums rather than dealing with them bilaterally.

WTO members, however, need to gain a better intellectual understanding of these matters before they decide whether to deal with them as trade issues.

Regionalism is one of the new issues that we do believe need to be discussed in the WTO. Our basic position on regionalism is that regional groupings should reinforce the global free trade system.

Economic Assistance

Sometimes it is possible to deal more effectively with trade issues at a regional level first and then apply them globally. In that sense, regional groupings can serve a very useful function.

By contrast, preferential, inward-looking trade blocs can be detrimental to world trade. We have tried to act on this principle in dealing with APEC [Asia-Pacific Economic Cooperation], of which Korea is a founding member.

Fourth, Korea will continue to expand economic assistance to less developed countries. In the short and medium-term, we will increase official development assistance including the Economic Development Cooperation Fund (EDCF).

At present, we provide preferential tariffs on a limited number of products to a limited number of countries. The government plans to expand the program into a generalized system of preferences (GSP) and more vigorously implement development support measures in the long-run.

Next, I would like to comment on Korea's industrial policy. In the early stage of our industrial development when factors of production were extremely scarce, the government directly involved itself in resource allocation in various ways and provided subsidies in an effort to promote strategically important industries having high linkage effects with other sectors.

Such involvement generated some by-products such as unbalanced industrial growth, high inflation, and excessive concentration of economic power.

It is imperative to strengthen industrial competitiveness to cope with the era of globalization. Unlike in the past,

however, the government role will be to set the rules of the game, expand social infrastructure, and provide indirect assistance to develop technology and human capital.

Free Market Principles

It is the private sector's responsibility to enhance competitiveness based on free market principles. Here again, participation and creativity as a theme of the New Economy will work as major driving forces for industrial development.

The government and the private sector are working together to design a new industrial development partnership. In this collaborations, the government's role is to provide a coherent vision of industrial development to help guide long-term business strategies and investment plans.

The private sector will continue to promote R&D investment and technological innovation on its own initiative to strengthen competitiveness. For its part, the government will support such efforts of private businesses with functional, indirect assistance.

In the process, the government will closely work with the private sector to maintain an adequate supply of such factors of production as technology, manpower and social overhead capital.

In particular, we will improve technology education programs so as to better meet the demand for industrial manpower in the coming years. Although the public sector retains primary responsibility for ensuring an adequate level of social overhead capital, the private sector also has an important role to play in this respect.

OECD's Linking Trade to Labor Practices Viewed

SK1004023595 Seoul YONHAP in English 0208 GMT 10 Apr 95

[FBIS Transcribed Text] Seoul, April 10 (YONHAP)—The government, having applied for membership in the Organization for Economic Cooperation and Development (OECD), has decided to take measures against the OECD's move to link trade to labor practices.

Under the measures, a task force consisting of bureau director-level officials from the Labor, International Trade-Industry, Finance-Economy and Foreign Ministries will be formed during the latter half of the year, the Labor Ministry said.

In the move to connect trade and labor practices in the new world trade order established by the inauguration of the World Trade Organization (WTO) earlier this year, the Paris-based club of advanced countries is working on a report of the trade and labor conditions for 15 OECD and non-OECD nations with marked economic developments over the past several years. The report will be adopted by the OECD minister-level council in May.

Comparing labor standards, such as the rights of workers to form unions and bargain collectively, of the 15 nations with International Labor Organization (ILO) conventions in the report, the OECD is expected to include South Korea in the group next to last of the five groups for its restrictions on union forming and on the right of public-sector workers to strike.

Noting that the OECD's report and resolutions have bearing on the WTO as the overseer of the new world trade system, a Labor Ministry official said that as the OECD report on trade and labor is considered to target newly industrializing economies including South Korea, Taiwan and Singapore, the government should take measures against what the report would say about South Korea.

To prepare the report, the OECD trade committee held a working-level meeting in Paris April 6, inviting a South Korean delegation which said South Korea is more or less negative towards the OECD's position.

At the OECD meeting held April 7 in Paris concerning education, labor and social affairs, Vice Labor Minister Choe Sung-pu spoke about South Korea's labor market and policy as the chief Korean delegate there.

Corporate Bond Market To Open to Foreign Investment

SK0804010595 Seoul YONHAP in English 0055 GMT 8 Apr 95

[FBIS Transcribed Text] Seoul, April 8 (YONHAP)—The corporate bond market will be opened to foreign investors in mid-April under the securities market liberalization plan.

The Citizens Investment Management Trust Co. will launch a 50-million-dollar bond investment fund for foreign investors on April 14, with Lucky Securities Co. serving as lead manager, officials of the company said over the weekend.

The closed-end fund will sell its shares, called beneficiary certificates, to foreign investors, enabling them to invest, although indirectly, in the corporate bond market.

Two other investment trust firms, Korea and Daehan, will also launch closed-end bond investment funds for foreign investors, each capitalized at 50 million dollars, toward the end of the month, financial market sources said.

The three projected bond investment funds will sell their shares at a 10-percent premium on an interest rate gap between Korea and Europe, allowing them to earn a total of 15 million dollars in premiums, they added.

European interest rates are now averaging 7 percent a year, while three-year corporate bonds yield an annual interest of 14 percent here. This makes an interest rate gap of 7 percentage points for a one year period and 21 percentage points for a three year period. But because

only half the capital of the projected funds will be invested in corporate bonds, the premium will be set at half of the three-year gap, or 10 percent, they explained.

Kim Tae-chung Departs for Japan Visit

*SK1004030595 Seoul YONHAP in English 0253 GMT
10 Apr 95*

[FBIS Transcribed Text] Seoul, April 10 (YONHAP)—Chairman Kim Tae-chung of the Peace Foundation for Asia-Pacific region left for Japan Monday to visit the country for the first time since 1973 when he was whisked away from a Tokyo hotel to Seoul reportedly by the then Korean Central Intelligence Agency angered by his anti-government activities in Japan.

During his week-long stay in Japan the former opposition leader will meet with Japanese political leaders, including Prime Minister Tomiichi Murayama, lower house speaker Takako Doi and Chairman Noboru Takeshita of the Japan-Korea Parliamentarians Union, to discuss inter-Korean relations and democratic developments in Asian countries.

He will visit the Palace Hotel, from which he was whisked back to Seoul 22 years ago, for an appearance on an NHK Television program and he'll also visit Kobe to comfort Korean residents suffering from the recent earthquake that claimed over 5,000 lives in the port city.

Kim will speak at the Japanese Press Club in Tokyo and return home Sunday.

Firm Conducts Poll on Local Autonomy System

*SK1004055295 Seoul YONHAP in English 0536 GMT
10 Apr 95*

[FBIS Transcribed Text] Seoul, April 10 (YONHAP)—Sixty-nine percent of the citizens and public servants polled expect improved administrative services and better local development under elected heads of local autonomous bodies than under appointed ones.

This fact and others were disclosed Monday in a nationwide telephone poll of 1,000 citizens, both male and

female aged 20 or above, and 500 central and regional civil servants, which was conducted by the World Research Co. at the request of the Information Ministry. The survey was carried out with the June 27 local elections just around the corner.

Only 9 percent of the pollees responded that administrative services and local development would deteriorate under a local autonomous system.

On incumbent public officials' running for heads of local administrative organizations and local councilmen, the citizens were more or less equally divided with 50.9 percent being for and 46.9 percent against. But nearly 80 percent of public servants said it is desirable.

Asked about managerial competence of local civil servants, about half of both citizens and public officials opted for "average," and only 11.7 percent of citizens and 21.6 percent of civil servants for "satisfactory."

Only public officials were asked to cite priorities they consider to be essential for the successful implementation of a local autonomous system. The largest group, 31.4 percent, checked items related to finance and economic management of autonomous administrative bodies, followed by a delegation of authorities and autonomization (19 percent) and a local autonomous system adjusted to local conditions (13 percent).

Queried about which area they think public officials should endeavor most in line with the globalization drive, 41.7 percent of citizens and 55.6 percent of civil servants cited elevated expertise as specialists.

Elevated sense to serve the citizens was cited by 27.2 percent of citizens, boosted productivity in handling of administrative affairs by 18.9 percent, and improved capabilities of negotiation with foreign countries by 11.2 percent.

As to public officials' intentions to implement the administration's globalization drive, 58.8 percent of citizens replied it is weak, while 65.6 percent of public officials gave an affirmative response.

Burma

KNU Said Ready for Peace Talks With SLORC

*BK1104095495 Bangkok BANGKOK POST in English
11 Apr 95 p 8*

[FBIS Transcribed Text] The Karen National Union [KNU] is ready to negotiate a ceasefire with the State Law and Order Restoration Council [SLORC] as soon as the Burmese Government wants, said a KNU source living near the Thai-Burmese border line in Tak Province.

The stance was proposed by KNU president Gen Bo Mya in his letter sent on April 2, 1995, to a reconciliation committee set up by the SLORC, the source said yesterday.

The committee consists of a legal expert, Tun Aung Chin, retired military officers, Aye Soe Myint and Saw Richard, a priest, Saw Mar Gay Gyi and a university lecturer, Saw Ka Daw, according to the source.

The reconciliation committee responded in another letter dated April 3 1995, that Gen Bo Mya's letter had already been sent to Lt Gen Khin Nyunt, First General Secretary of SLORC, said the source, adding it was expected that SLORC's decision on the cease-fire proposal could be made known soon.

The hand-written letter of Gen Bo Mya stated that the KNU wanted Burma to become peaceful and called for the SLORC to be sincere in peace negotiations as previous rounds of talks always failed to yield a positive result due to misunderstanding between both parties, the source said.

In his letter, Gen Bo Mya also informed SLORC of his order for KNU troops to cease fire since March 24, 1995, the source said.

Gen Bo Mya's letter was prompted by SLORC chairman Gen Than Shwe's recent speech urging all Burmese minorities to join peace talks for the sake of Burma, the source said.

The speech was delivered on the occasion of the celebration of the 50th anniversary of the foundation of the Burmese armed forces on March 27, 1995.

The request had caused about 40 minorities, including 13 powerful groups, to seal cease-fire agreements with SLORC, the source noted.

The KNU, which was founded to resist the Burmese Government more than 46 years ago, was supported by a meeting of Burmese minorities, held near the border line recently, to settle its conflict with the Burmese Government, the source said.

The meeting was attended by members of the Democratic Alliance of Burma, including Phado Mahn Sha, a KNU representative, U Tin Ohn, vice chairman of the National League for Democracy (NLD), U Tin Saw, a political expert from the New Era newspaper, Moe Thee

Zun, chairman of All Burma Students' Democratic Front (ABSDF) in South Area, U Mya Saw, member of ABSDF's Central Committee, and U Aung Saw Oh, member of NLD's Committee, the source said.

Myo Nyunt Speaks at National Convention 7 Apr

*BK0904150595 Rangoon TV Myanmar Network in
Burmese 1300 GMT 7 Apr 95*

[Speech by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission, at the plenary session held at the Central Conference Hall in the President's Residence compound on Ahlone Road in Rangoon on 7 April—recorded]

[FBIS Translated Text] Esteemed National Convention delegates, you have presented proposal reports individually and as groups from discussions that began on 2 September 1994 on the detailed basic principles in designating self-administered areas and other headings on legislation, administration, and judicial matters that are to be included in the state constitution at the ongoing National Convention. You have painstakingly and respectfully discussed and looked for the basic principles needed to draw up a firm constitution, which the country essentially needs. Firstly, I would like to express our National Convention Convening Commission's [NCCC] gratitude.

Esteemed delegates. Due to your consolidated efforts, that of the NCCC, the National Convention Convening Work Committee, the National Convention Convening Management Committee, and all the subcommittees, we have achieved timely progress in fulfilling the national duty of drawing up a firm constitution for our beloved mother country. If we review our step by step progress, we will find satisfactory results. If we look back at how we started, we will surely remember the National Convention coordination meeting of 29 June 1992. After that meeting, we made the necessary preparations and were able to convene the National Convention on 9 January 1993. We were also able to prescribe the National Convention regulations then. The National Convention delegate groups were able to elect the respective Panel of Chairmen. The National Convention which convened from 9 January 1993 to 7 April 1993 was able to prescribe 15 chapter headings. At the National Convention which convened from 7 June 1993 to 16 September 1993, the 104 basic principles were systemically adopted. The National Convention which convened from 18 January 1994 to 9 April 1994 was able to systematically prescribe detailed basic principles for the State, State Structure, and the Head of State chapters. The current National Convention, which convened from 2 September 1994 to 7 April 1995, was able to prescribe detailed basic principles for the designation of self-administered areas that will be included under the chapter on state structure in the state constitution. This progressive achievement in prescribing basic principles and detailed basic principles after careful discussions have been very satisfying. Furthermore, proposal reports on

other chapter headings—legislation, administration, and judicial matters, remain to be presented at the National Convention Plenary Session. After that, systematic and comprehensive discussions on power sharing and work procedures regarding the legislative, administrative, and judiciary chapters remain to be made.

Esteemed delegates. We have made a strong resolution by opening a new chapter in our country's history, in making smooth the future path of the people and country as it becomes new, modern, and developed. We must learn from history in our preparations to achieve these goals. We must be very careful at present, especially in Myanmar's [Burmese] political world, guard against the recurrence of past weaknesses and defects—like if he is white, then I am black; if I am not allowed to be the actor, then I will destroy the lead drum; without thinking of using the internal strength available, looking eastward and looking westward for nothing; and bypassing the mother and pining for the aunt [all Burmese proverbs]. We should bury all past differences instigated by the colonialists, where one group or race finds faults, keeps grudges, and have conflicts with another. We should obviously implement the present State Law and Order Restoration Council's [SLORC] fundamental objective or national policy of national reconciliation in accordance with our three main national causes [the non-disintegration of the union, the non-disintegration of national solidarity, and perpetuation of national sovereignty]. As we all know Myanmar [Burma] has not been united and peaceful for almost half a century. But due to the peace efforts of the SLORC, the 14 peace-seeking armed groups from among the various national races armed groups from the jungles have returned to the legal fold. As everyone is aware, the Defense Services has opened the door of peace the moment it unilaterally ceased its offensives in the Karen State. Although the Defense Services has opened the door of peace with a big heart and waited, the KNU [Karen National Union], which is overcome by bad influence, and the leadership, receiving assistance from unscrupulous persons abroad and income from black marketing, has turned its back on peace and continue to give trouble to the people.

Esteemed delegates. The national races have reconciled now and have come together to build and develop Myanmar [Burma], which has not been united and peaceful for almost half a century. The fundamental policy of the SLORC is clear and decisive. That is the non-disintegration of the union; the non-disintegration of national solidarity; and perpetuation of national sovereignty. Everyone is aware that these have also been included as the first, second, and third of the six national convention aims. National convention delegates have the duty to implement and follow these aims. The other three are for a genuine multiparty system to flourish; for the promotion of lawkapala principles of justice, liberty, and equality; and for the Defense Services to be able to participate in the national political leadership role of the future state. It is desirous to work for the fulfillment of

these six aims. We must be careful and avoid any manner of thought, speech, or writing that may contradict them.

Esteemed delegates. In accordance with the fundamental policies I mentioned earlier, the detailed basic principles in designating the self-administered areas, under the chapter on the state structure that will be included in the state constitution, have been successfully laid down. Two delegate groups and some independent reports have suggested that a commission be formed and the people to be included in the commission to designate self-administered areas. I respect the goodwill of those making the suggestions and I would like to briefly explain why a commission should not be formed. To get to the point, it should not be formed because that itself will take time and so as to avoid unnecessary problems. Moreover, the SLORC—the Defense Services with its genuine goodwill, has no intention of keeping state power for long and is ready to hand it over as soon as possible to the government formed in accordance with the new constitution. Records indicate that an commission of inquiry on self-administered areas was formed regionally around 1948. Its work on the Karen, Arakan, and Mon Nationals' self-administered areas took almost four years from 5 October 1948 to 10 July 1952. Although it took four years, only the work on the Karen nationals was completed. The Arakan and Mon Nationals received their statehood after another 22 years in 1974. After carefully scrutinizing the existing official records and documents, the result of prescribing self-administered areas for the Wa, Pa-O, Palaung, Kokang, Danu, and Naga Nationals is natural and appropriate. If, we do not use the existing papers and documents as a basis for self-administered areas for the above-mentioned national races, but instead form a commission and do field studies, it is doubtful whether the work could be finished within a decade. Furthermore, will the commission be able to work freely without disruption and interference? The possible repercussions to the regions of the national races where the commission goes for a field study should also be considered. That is why a commission has not been formed and this national convention using existing papers, documents, and evidence, has prescribed self-administered areas with integrity and goodwill. As a result, local and foreign unscrupulous persons will not have the opportunity to exploit, agitate, and manipulate the situation and we will be able to maintain the prevailing stability. All national races, who are our brothers, regardless of whether they receive self-administered areas or not, will have and receive equal opportunity, equal status, possession of the entire union, and equality in the eyes of the law in accordance with lawkapala principles of justice, liberty, and equality, regardless of race or religion, like all Myanmar national races. To enjoy these rights we must also fulfill our duties and responsibilities.

Esteemed delegates. I don't think it is necessary for me to clarify the national convention's prominence and importance in accomplishing national politics. We are the

architects for the emergence of a new country. It is evident that the SLORC has faith in our respective national convention delegate groups and national convention delegates and has given all the necessary assistance so that esteemed delegates can discuss, coordinate, and propose to acquire the vital basic principles.

It has been clearly stated in the State Law and Order Restoration Council's [SLORC] Order No.13/92 on the formation of the National Convention Convening Commission [NCCC], that its duties are as follows;

A. To convene the National Convention with the objective of laying down basic principles for drafting a firm state constitution,

B. To perform a supervisory role to ensure that in establishing basic principles for the state constitution at the National Convention, discussions are carried out within the framework of the following objectives:

1. non-disintegration of the union,
2. non-disintegration of national solidarity,
3. perpetuation of national sovereignty,
4. for a genuine multiparty system to flourish,
5. promotion of lawkapala principles of justice, liberty, and equality, in the state and,
6. for the defense services to be able to participate in the national political leadership role of the future state,

C. making arrangements to enable delegates to systematically submit their wishes, suggestions, and proposals at the National Convention.

We must strive to build a new state from the foundation level. The National Convention has full the authority of implementation, if it is for the benefit of the country, for the good of the people, and to realize the six objectives. The National Convention has been able to prescribe the basic principles even for the most important matter of the state structure and we have also been able to prescribe the self-administered areas systematically and appropriately.

To explain the activities of the National Convention, the National Convention Convening Work Committee compiled the proposals presented by the National Convention delegates, scrutinized them, and has always presented them to the NCCC for confirmation. The NCCC in turn will also have to seek the approval of SLORC. The SLORC, which has taken the leadership role and is responsible for the state, will take the appropriate action as deemed necessary to be included in the constitution if the basic principles are in compliance with the policies. That is why I would like say that the question whether the National Convention has the authority or not need not be asked.

Esteemed delegates. Since the National Convention has been in session for some months now; and as we are approaching the traditional Mahathingyan New Year Festival period which is treasured by every Myanmar [Burmese] citizen; and to prepare for the Monsoon

cultivation; the National Convention will be adjourned from 8 April 1995. The National Convention will be reconvened on 24 October 1995, when esteemed delegates will continue to discuss very important headings—the legislature, administration, and the judiciary. I conclude by hoping that all esteemed delegates will return in time for the reconvening of the National Convention and also wish them a very pleasant vacation during this traditional New Year.

Resistance Radio Reviews Convention Session

BK1104071795 Oslo Democratic Voice of Burma in Burmese 1430 GMT 9 Apr 95

[FBIS Translated Text] The [plenary session] of the SLORC [State Law and Order Restoration Council] resumed on 29 March and it was adjourned last Friday [7 April] until 24 October. The SLORC did not give any explanation for the adjournment. Democratic Voice of Burma [DVB] correspondent, Ba Maung Tin, comments as follows:

Addressing the plenary session of the National Convention held in the President's Residence compound on Ahlone Road in Rangoon on 7 April, Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission, said the SLORC had no intention of holding on to power on a long term basis and then announced that the National Convention had been adjourned from 8 April until 24 October. Despite the repeated denials of the SLORC of having any intention of hanging on to power on a long term, observers view the repeated stalling of the National Convention as a strategy to prolong their hold on power.

The National Convention is opposed by international organizations and the opposition, including the United Nations and Daw Aung San Suu Kyi. The majority views the National Convention as a last respite for the SLORC. The SLORC, which was cornered politically after blatantly defying the results of the May 1990 general elections, invented the National Convention to give itself relief and has been holding it since early 1993. The SLORC announced it would hold the National Convention soon after its defeat in the 1992 Manerplaw offensive and has been holding cease-fire talks with indigenous armed groups since then. It has eventually reached cease-fire agreements with 14 groups, including the Karenni National Progressive Party, KNPP. The (?opposition), meanwhile, views the individual cease-fire agreements as enhancing the prestige of the SLORC and legality of the SLORC's National Convention.

Observers well versed in Burmese affairs believe the SLORC is holding the National Convention after rejecting the 1990 general elections, which reflects the genuine wishes of the people, in order to cover up its violation of the people's wishes. It is believed that, although it was not announced officially, the SLORC was likely to have attempted to get the endorsement of Daw Aung San Suu Kyi for the National Convention

during its two meetings with her last year. This is again an attempt to legalize its National Convention by obtaining the endorsement of the important opposition figure. However, in her statement of 22 January, Daw Aung San Suu Kyi stated that she had not entered into any secret agreement with the SLORC or anybody. This amounted to a refusal to recognize the legality of the National Convention.

Many view that Daw Aung San Suu Kyi can be released only after the completion of the National Convention. This adjournment of the National Convention erases the hope of many for her release this coming July. The adjournment also shows the SLORC still has political problems it cannot solve.

Indonesia

Article Views Importance of IMET Program

BK1104065395 Jakarta *SUARA PEMBARUAN* in Indonesian 5 Apr 95 pp 1, 11

[Article by Annie Bertha Simamora: "With or Without the IMET Program"]

[FBIS Translated Text] Jakarta—Admiral Richard C. Macke frequently left a guest reception row. U.S. Ambassador Richard Barry repeatedly asked him to return to the row. Did the admiral from Honolulu dislike the Indonesian guests who [words indistinct] in the day, but wore refined batik silk that evening? The admiral just wanted to tell the writer about how he attached importance to the revival of the IMET [international military education and training] program for Indonesia.

Adm. Macke is commander-in-chief of the Pacific Command, better known by its acronym CINCPAC. The command is headquartered at H.M. Smith Camp outside Honolulu. Before visiting Indonesia not long ago, the admiral gave testimony before the Senate Armed Services Subcommittee in Washington D.C. where he said, among other things, that the abolition of the IMET program had hindered intimate professional relations between the two armed forces.

During Bush's time

The IMET program has been an effective, but inexpensive cooperation program. The United States hopes that junior officers from countries covered by the U.S. Pacific Command will be exposed to priceless American values through the IMET program. These individuals, who will become leaders in their respective countries, will contribute to efforts to create a more democratic world.

Adm. Macke told the Senate subcommittee that an eternal friendship among international classmates would provide a boundless opportunity for professional relations in the future. Perhaps, close relations between

Retired General L.B. Murdani and Retired Gen. Kriangsak Chammanan are an example of what Adm. Macke said in Indonesia.

Both of them attended a course in Fort Benning, Georgia. Gen. Kriangsak, who later became Thai prime minister, asked President Suharto to assign Gen. Murdani as a liaison officer between the two heads of state. The two classmates could telephone each other to discuss urgent matters involving the two countries.

A similar case involves Murdani and Gen. Fidel Ramos. So close are relations between the two military leaders that Murdani lent Gen. Fidel Ramos, when he was Philippine secretary of national defense, a small aircraft manufactured by the IPTN [Nusantara Aircraft Industry] to boost the morale of the Armed Forces of the Philippines which has declined considerably in the post-Marcos era.

Under the Republican administration, President George Bush tried in his final year in the White House to convince the U.S. Congress to pass a military budget in which the IMET program for Indonesia was estimated at \$2.3 million. The amount was similar to that of the IMET program three years before. Former U.S. Ambassador to Indonesia Paul Wolfowitz, who later became the Pentagon's number two man for policy affairs, also tried hard to convince the Congress about the matter.

The East Timor issue

There are, however, people who are displeased with Indonesia over human rights in both the House of Representatives and the Senate. The congressmen and senators, who primarily represent constituencies populated by ethnic Portuguese, have always raised the East Timor issue.

An American, who has long dealt with the IMET program, said that the Indonesian people should not be too downhearted over the presence of anti-Indonesian congressmen and senators. In 1993, some senators demanded that Indonesia not be allowed to buy handguns, while some others proposed that Indonesia be barred from sending its officers for courses in the United States even if the former paid for them.

However, pro-Indonesian lobbyists in the two branches of the U.S. legislature managed to kill the two proposals. Only the IMET program was eventually discontinued for certain reasons.

A people's representative sits in the legislature because he or she is elected by voters to whom he or she is accounted as their representative. Many members will adopt a give and take policy if they want to be reelected in the House of Representatives or the Senate. "I will support your draft bill, but you have to support my draft bill." Members who have strongly opposed the IMET program are probably unaware that many events in East

Timor have often been linked with the anti-Indonesian attitude and have eventually manifested in the rejection of aid for Indonesia.

The members of the prestigious U.S. legislature have cited Indonesia's military action as a reason for the abolition of the IMET program for Indonesia. Since Adm. Macke told the Senate subcommittee that the IMET program was designed to expose junior Indonesian officers to American values, the abolition meant that such an opportunity would be lost.

Thus, Adm. Macke said before subcommittee that the cost-effective [preceding two words in English] program should not have been subjected to harmful restrictions. Macke disagreed that the IMET program was used as a short-term punishment.

"If we do not make personal contacts with future military leaders in the region now, we will no longer have the opportunity for future cooperation and influence," Macke said.

Adm. Macke said before the Indonesian guests at Ambassador Barry's residence that Indonesia was critical for the United States. He meant that Indonesia was very important. He meant that the failure of the two countries to be on friendly terms would be very harmful for the United States.

Field persons know better the direct impact of programs such as the IMET program on relations between the two countries. Like Adm. Macke, Adm. Richard Larson, who earlier came to Indonesia as CINCPAC for an exchange of views with the ABRI [Armed Forces of the Republic of Indonesia] leadership, continuously called U.S. congressmen from the Hotel Mandarin Oriental in Jakarta, trying to convince them of the importance of reviving the IMET program for Indonesia.

Critical

When the writer cited the remarks Adm. Macke made at the Senate subcommittee in the middle of February, the admiral quickly commented: "That was just one committee. I have spoken before five committees. I have even spoken to the president." The admiral has yet to disclose what he said before the five committees and told the president.

A Jakarta newspaper has made the U.S. Embassy in Jakarta uneasy. The newspaper said that the IMET program was scrapped in 1993 because the ruling Democratic Party did not support the program for Indonesia. Perhaps Clinton did not quickly grasp all matters in his first year in the White House.

Prime Minister Paul Keating visited the White House over a year ago, and both he and Clinton made press statements in which they said that Indonesia was very important in the region, but was frequently ignored by

many people. Thus, we know that the Democratic president is been aware of Indonesia's importance. Moreover, all remarks that Clinton made while he was in Indonesia were very supportive of Indonesia's image abroad.

Adm. Macke, Adm. Owen, and Winston Lord, assistant secretary of state for East Asian and Pacific affairs, made remarks strongly supportive of Indonesia during their respective visits to Indonesia. The Republican Party currently holds a majority in the two branches of the U.S. legislature. We assume that they will support Indonesia, as during the administration of George Bush. If the assumption is correct and the IMET program is passed, what will we use the funds for?

In the absence of the IMET program, Indonesia continues to send officers for education in the United States. However, they are not junior officers, but officers of higher ranks going for master's and doctoral degrees. The ABRI obtains the funds for this program from nonbudgetary sources, for example various ABRI foundations. Thus, the education program for ABRI officers is more on target and adjusted to needs.

There have been thoughts that Indonesia should continue to send officers for higher education if the IMET program is revived. However, Indonesia and the United States have different perceptions over the matter. For the United States, the IMET program is designed to expose junior officers to American values and it is hoped that the professional officers, who will become future leaders in their respective countries, will deal with the United States more easily. Their tour of duty is longer than that of officers coming for master's or doctoral degrees.

At present, Indonesia's military education program is primarily designed to expose junior officers to various types of education and training. They are sent not only to the United States, but also Australia—for example. Perhaps, this is better. Thus, the way of thinking of our officers will not be one-way.

The professional ABRI accepts everything good. In the Batak language, there is a proverb which says: "A receiving hand is always lower than a giving hand." But, Indonesia certainly wants all types of overseas military education for its officers to create an atmosphere illustrated in the trademark of the soap Sunlight—two shaking hands.

PRC 'Claim' Over Natuna Island Area Discussed

BK1104015495 Jakarta ANTARA in Indonesian 1116 GMT 10 Apr 95

[FBIS Translated Excerpt] Jakarta, 10 Apr (ANTARA)—The PRC Government has yet to reply to a diplomatic note submitted by the Indonesian Government in connection with the PRC claim that part of the Natuna Islands in Riau Province belongs to that country's exclusive economic zone, said Drs [academic title]

Kusnadi Pujiwinarto, director of Asia-Pacific Affairs in the Foreign Affairs Department.

"We submitted the diplomatic note soon after a Chinese delegate distributed a maritime map at a workshop on the South China Sea in Surabaya in 1993. The map showed part of the Natuna Islands included in that country's exclusive economic zone," he told reporters in Jakarta Monday.

The diplomatic note was sent almost two years ago, but we have not received a reply, Kusnadi said after addressing a seminar entitled "Consolidation of Asia-Pacific Cooperation Toward the 21st Century" at Jayabaya University.

"Several Chinese experts have begun discussing the historical background of their claim, but their claim is still informal; no formal claim has been made," he said.

"The historical approach to the claim is very hard to justify and it is high time for them to abandon this approach," he said.

The Natuna Island area in the South China Sea has never been claimed by the countries that are contesting the Spratly Islands; namely, Malaysia, Brunei, the Philippines, the PRC, Vietnam, and Taiwan.

The issue of an area located 155 nautical miles northeast of the greater Natuna Islands was actually discussed at the Sino-ASEAN meeting in Beijing [as received] last week. The PRC side adopted a defensive stand on the issue.

"The PRC delegate said both sides should discuss the issue in a bilateral forum and even jointly develop the area. They do not want it to become an international issue," he said. [passage omitted—background on seminar at Jayabaya University]

Defense Minister on 'Major Role' in Region

*BK1104061395 Jakarta KOMPAS in Indonesian
6 Apr 95 p 11*

[FBIS Translated Text] Bogor, KOMPAS—Minister of Defense and Security Edi Sudrajat stated that Indonesia has a major role to play in the issue of the South China Sea; that is, regarding a statement which said the country would be able to provide an alternative sea passage for international maritime shipping should the situation in the South China Sea become insecure.

Edi said: "An alternative passage runs through the Strait of Makasar and the Strait of Lombok. In fact, this strategic opportunity should be used to benefit our national development."

Edi Sudrajat said this Wednesday [5 April] morning at Bogor Palace when he delivered a talk on Indonesia's role in maintaining regional peace and security to the 1995 national-level training course for P4—guidance,

philosophy and pancasila practice—participants and districts instructors. The fifth short-term course was specially designed for the participants by the National Defense Institute.

In his talk on "The Role of the Defense and Security Institution in National Development," the minister discussed three topics. They were the defense and security system in strengthening national unity and integrity, the defense and security policy which supports national stability, and Indonesia's role in creating regional stability.

According to the minister, the defense and security's way of thinking at the national level can be applied at the regional level. First, the threshold of regional tolerance must be expanded by enhancing regional resilience. Second, regional cohesion, being the main pillar of regional resilience, must be perpetually strengthened by increasing the intensity and quality of cooperation among countries in the region.

The minister said the third aspect involved the need for regional countries to improve their basic potential through coordinated steps, be it through individual or group effort, in order to become more capable of handling regional dynamism as a united group.

Edi said: "The three aspects should be applied to all general issues and not only to defense and security issues. In this connection, ASEAN had proven itself to become entirely progressive in defense and security for over three decades. This has guaranteed the group's security and stability. This has definitely provided a major contribution toward our national development."

Commitment

The defense and security minister said concerning regional tolerance as an analogy from national-level social tolerance, this tolerance is a reflection of every country's commitment with regard to regional unity and integrity despite acknowledging that regional unity is somewhat flexible.

According to the minister, the key to regional tolerance lies with the big or strong countries and they should not make any attempt to dominate the other weaker countries in other regions. According to him, for example, ASEAN, compared to the SAARC, is more successful because Indonesia, as the largest nation in the region, has never imposed its will on the other member countries.

He said: "In this case, with regard to the development of defense and security, we need to give careful consideration to the development our defense and the modernization of the ABRI [Armed Forces of the Republic of Indonesia] because of the other ASEAN countries' sensitivity. We do not want the ABRI to become a source of suspicion, or, at least, a cause for anxiety."

Regional unity

According to the defense and security minister, every ASEAN member country should be play its part in

maintaining regional unity. However, he said we must admit that the recent dispute between the Philippines and Singapore has become a test for ASEAN in terms of the quality of the group's tolerance.

Defense and Security Minister Edi Sudrajat said: "To uphold unity among the ASEAN members, the defense and security policy has been targeted at strengthening and improving bilateral relations. These measures have become an encouraging network for cooperation. We have agreed not to establish any military pacts as part of our effort to avoid any multilateral cooperation in this field."

Philippines

Further on Dispute With PRC Over Spratlys

Romulo on ASEAN-PRC Dialogue

*BK1004130895 Manila BUSINESS WORLD in English
6 Apr 95 p 12*

[Report by Paul N. Villegas]

[FBIS Transcribed Excerpt] Foreign Affairs Secretary Roberto Romulo yesterday said that China and the six member states of the Association of Southeast Asian Nations (ASEAN) have agreed to continue their dialogue on the Spratlys issue after talks between them in Hangzhou ended without any progress.

"I understand there continues to be a divergence of views between ASEAN and China on the Spratlys. I don't think they got any closer. But I believe there was an agreement to dialogue further," Mr. Romulo told reporters yesterday.

He earlier told reporters that the Philippines will raise the issue of Chinese incursion in the Panganiban Reef in the July meet of ASEAN Regional Forum (ARF) in Brunei if no substantial progress would be achieved in the Hangzhou meeting.

"If the issue is not resolved before the ARF meet, then it will have to be brought up at the ARF. And all of us want to avoid that. It is a source of concern of all ASEAN claimants and the other claimants as well. And I think that message has become loud and clear to our friends in China," he said.

He cited as "significant" the common position ASEAN has taken on the Spratlys issue, especially when the regional grouping expressed its concerns on destabilizing activities.

"ASEAN was one in expressing their position on the Spratlys. Everybody supported the Manila Declaration on the South China Sea," he said. [passage omitted on Spratlys claimants, PRC structures on Mischief Reef, Philippine military's destruction of Chinese markers, arrest of Chinese fishermen, and failed Sino-Philippine talks in Beijing]

Although there was no progress made during the Hangzhou talks, Mr. Romulo said the meeting discussed the Mischief Reef incident and the sovereignty issue in the Spratlys.

"I believe there was the Chinese position of their ancient claims and that there was indeed a request by the ASEAN side to explain what that meant and what their position was," Mr. Romulo said.

Following Beijing's "creeping diplomacy" of flexing its military muscle in the disputed islands, the Spratlys issue has now become a top item in the agenda of bilateral talks between the United States and China.

Stanley Roth, special assistant to U.S. President Bill Clinton, gave this assurance to Mr. Romulo when the two met last Monday at the DFA [Department of Foreign Affairs].

"They categorically stated that they are concerned about the situation and that there is a certain level of attention being given to it. In terms of focus it has become much higher than before. With the recent situation, it has certainly gotten up to the top three items of their agenda with China," Mr. Romulo said.

Foreign Affairs Undersecretary Rodolfo Severino, who headed the Philippine delegation to the Hangzhou meet, said Manila warned Beijing not to complicate the situation.

"We made it clear that when both sides vowed not to do anything to complicate the situation, it meant no more Chinese facilities will be built in places near us. That was quite clear," Mr. Severino said.

Claims ASEAN Support

*BK1104015195 Quezon City GMA-7 Radio-Television
Arts Network in Tagalog 2230 GMT 10 Apr 95*

[FBIS Translated Text] The Association of Southeast Asian Nations confirms its support for the Philippines in connection with the Spratlys issue. In a meeting between ASEAN officials and China in Hangzhou last week, the ASEAN officials indicated that China should not continue building illegal structures in the Spratlys. During a Congressional hearing, Foreign Secretary Roberto Romulo said the persistence of the Philippines on this issue may have convinced the ASEAN leaders to support the Philippines and press China to stop building illegal structures in the Spratlys.

'Aggressive' PRC Posture Seen

*BK1104053695 Quezon City Radio Filipinas in English
0230 GMT 11 Apr 95*

[FBIS Transcribed Text] Defense Secretary Renato De Villa said China's occupation of Mischief Reef, a part of the Spratlys claimed by Manila, highlights its deep aggressive posture in the South China Sea. De Villa said while China continues on its [word indistinct] to settle

the territorial issue towards a peaceful means, it has yet to manifest strong interest in responding to the call of other claimants to break all disfavoring activities in the Spratlys. China said the structures were shelters for Chinese fishermen and refuse to leave the area despite strong protest by Manila.

Military authorities in Puerto Princesa City, Palawan continue to stay away from the Chinese-occupied Mischief Reef within the Kalayaan Island Group. Western Command chief Charlie Pineda said President Ramos has passed this order [word indistinct] for ongoing diplomatic efforts to resolve the Spratlys tension in the disputed area. General Pineda, however, [words indistinct] situation continue to reassert Philippine sovereignty over these islands.

DFA Criticized for 'Weak' Stance

BK1104095695 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 11 Apr 95

[FBIS Translated Text] The House Committees on Foreign Affairs and National Defense have criticized the Department of Foreign Affairs [DFA] for its weak position against the People's Republic of China regarding the Spratlys dispute.

According to House Speaker Protempore Antonio Cuenco, the first and last time the country filed a diplomatic protest against China was in 1978. Cuenco said China will not get angry if the Philippines makes known its position on the Spratlys issue.

Meanwhile, Congressman Danilo Suarez said he believes that the arrested Chinese fishermen are also working for the Chinese military.

Ramos on Dispute With Singapore Over Maids

BK1104055495 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Apr 95

[FBIS Translated Excerpt] The president has yet to make any decision on what punishment will be imposed on Labor Secretary Nieves Confesor and Foreign Secretary Roberto Romulo for their negligence in the case of Flor Contemplacion [maid executed in Singapore]. Based on the Gancayco Commission's report to the president, the two secretaries have lost control of their departments, which makes them ineffective in performing their duties. Ramos likewise ordered the ombudsman to study the possibility of filing criminal and administrative charges against nine DFA [Department of Foreign Affairs] officials.

Ramos also invited Singapore experts to examine the remains of Delia [maid murdered in Singapore] to resolve the disputes surrounding the case:

[Begin Ramos recording, in English] I do this in the hope that the Singapore and Filipino scientists can settle their conflict of opinion on the extent and cause of her injuries without the need to refer the matter to third party

adjudication, which is a possible recourse the two governments have already agreed on. I will pursue such representations, as may be necessary, with the Government of Singapore for a joint and coordinated effort to reopen the investigation of the killing of Delia Maga depending on how the key question of the autopsy findings is settled. [end recording] [passage omitted—government actions against other officials implicated in the case]

Investment Protection Accord With Czech Republic

BK1104094995 Manila BUSINESS WORLD in English 6 Apr 95 p 12

[FBIS Transcribed Text] Trade and Industry Secretary Rizalino Navarro and Czech counterpart Vladimir Dlouhy yesterday signed an agreement for the promotion and reciprocal protection of investments.

President Fidel V. Ramos and Czech Republic President Vaclav Havel, who arrived last night with his wife for a four-day state visit, were witnesses to the event.

The agreement, which aims to create favorable conditions for investments between Republic of the Philippines [RP] and the Czech Republic [CR] covered all aspects of investment protection from capital transfers to settlement of disputes to intellectual property rights. The agreement will remain in effect for the next ten years.

Under the MoA [memorandum of agreement], the term "investment" covers any kind of asset invested in connection with economic activities and accepted in accordance with respective laws and regulations of either contracting party.

This includes "movable and immovable property as well as other rights... such as mortgages, liens, pledges, usufructs, and similar rights; shares, shares of stocks and debentures of companies or interest in the property of such companies; claims to money utilized for the purpose of creating an economic value or to any performance having an economic value associated with an investment; intellectual property rights, including copyrights, trademarks, patents, industrial designs, technical processes, know-how, trade secrets trade names, and goodwill associated with an investment; and, business concessions conferred by law or under contract, including concessions to search for, extract or exploit natural resources."

The MoA specifically asserts that either of the contracting parties must at all times be accorded fair and equitable treatment and must enjoy full protection and security in the territory of the other contracting party.

The agreement also states that when investments by investors of either contracting party suffer losses owing to war, armed conflict, a state of national emergency, or

other similar events in the territory of the other contracting party, the investors must be accorded by the latter treatment such as restitution, indemnification, compensation, or other settlement not less favorable than which the latter contracting party accords to its own investors or to investors of any third state.

Abu Sayyaf Said Planning To Bomb U.S. Embassy

BK1104104895 Quezon City ABC-DWET Television in Tagalog 1000 GMT 11 Apr 95

[FBIS Translated Text] Police are now closely guarding shopping centers, hotels, and other public places in Manila after receiving reports that the Abu Sayyaf will commit violent acts in such areas.

A report received by the Philippine National Police indicated that the Abu Sayyaf is planning to bomb some public areas, following orders from its leadership in Mindanao. The Abu Sayyaf plan is to kill [patayin] offices which are non-Muslim or not pro-Muslim, such as the embassies of the United States and Israel.

Forces on Alert, Continue To Pursue 'Terrorists'

BK1104043495 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Apr 95

[Italicized passages in English]

[FBIS Translated Text] The AFP [Armed Forces of the Philippines] has admitted to inadequate intelligence gathering. They reportedly gathered reports on raids to be conducted in the town of Alicia and General Santos City, but learned they were being misled by the terrorists, and it was too late.

Brigadier General Raul Orjelo, deputy chief of staff of AFP intelligence, has revealed that the MNLF [Moro National Liberation Front] is splintering in Mindanao. AFP Chief Arturo Enrile called on the MNLF to allow the military to pursue the terrorists in their territories:

[Begin recording] [Unidentified correspondent, in progress] ...thus, if there were indeed MNLF forces in the raiding force, and we have an ongoing cease-fire, a truce with the MNLF...

[Enrile, interrupting] *The MNLF may have to allow us to run after these people. Even if they are MNLF, they have to allow us to run after these people.* [end recording]

Six terrorists have been killed by the military. According to Major Gen. Edgardo Batenga, chief of the Southern Command, the casualty toll among Abu Sayyaf members has reached 27. Batenga added that up to 200 members of the Abu Sayyaf are now being pursued by the military in the mountains.

The police and the military in Iligan and General Santos City have been placed on red alert in preparation for possible attacks by the Abu Sayyaf in these areas. Based

on reports, the raid threat is a tactic by the terrorists to help their companions being pursued by the military in the forests of Zamboanga del Sur. Churches are expected to be targeted by the terrorists because of the holy week celebrations.

Bishop Federico Escaler continues to blast the military for their slow action when the raid took place in Ipil.

Nationalities of Suspects Still in Question

BK1104022395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Apr 95

[FBIS Translated Text] Foreign Affairs Secretary Roberto Romulo has not yet confirmed the true nationalities of the six suspected terrorists arrested in Caloocan two weeks ago. Romulo admitted this to the embassies of Jordan, the United Arab Emirates [UAE], and Oman when the three embassies asked for a list of the six and asked the DFA [Department of Foreign Affairs] how many were nationals of Oman, the UAE, or Jordan. Romulo said the PNP [Philippine National Police] is currently helping the DFA verify the nationalities of the six. He did not say when he will reveal the information to the public.

The six are suspected of having connections to international terrorist Ramzi Ahmad Yusuf. Yusuf is one of the prime suspects in the New York World Trade Center bombing and the plot to assassinate Pope John Paul II. He is also suspected of involvement in last year's Philippine Airlines bombing that killed a Japanese and wounded several passengers.

Abu Sayyaf Said Plotting To Kill MNLF Chief

BK1104015895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Apr 95

[FBIS Translated Text] Defense Undersecretary Feliciano Gacis has revealed that Moro National Liberation Front [MNLF] chief Nur Misuari is in danger because of Abu Sayyaf threats. Gacis said the aim of the plan to assassinate Misuari is to stop the peace talks between the government and the MNLF. Gacis has likewise confirmed that an MNLF breakaway group joined the Abu Sayyaf during the Ipil attack last Tuesday [4 April].

In a Senate hearing, Gacis said that it is possible that Misuari does not have control of his men anymore because of factions formed within the organization.

Misauri Dismisses Threat

BK1104093495 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 11 Apr 95

[Italicized passages in English]

[FBIS Translated Text] The Abu Sayyaf group has no capability to carry out its threat to kill Nur Misuari, Moro National Liberation Front [MNLF] chairman. During an exclusive interview with DZBB, Misuari said

that although the threat against his life is a serious one, it is not new to him ever since he started pushing for the peace talks. Misuari added that the peace talks will continue even if the Abu Sayyaf has killed him.

[Begin Misuari recording] Well, it is one thing that is serious if that is really their objective, but I don't think so by liquidating me this peace process can be stopped. It all depends upon the government and the MNLF. I am not important. Even without Nur Misuari, the peace process can go on, but I don't think so that this Abu Sayyaf can make this kind of plan. I don't believe it. They are not capable of making this plan on my life. I am used to these kinds of threats ever since I led this struggle for the freedom of our people and for the restoration of peace in Mindanao. I have received more than 100 threats against my life. I am used to it. [end recording]

Misuari challenged the Abu Sayyaf to come out in the open if they are really brave. According to Misuari, they will not hesitate to shoot at the Abu Sayyaf members if they insist on trespassing their checkpoints.

[Begin Misuari recording] Well, while we are not associated with them, we are not identified with them, but the situation is not that bad although at one time they pushed their way through our checkpoint in Jolo and you know what happened and even they themselves, they blame their own people for committing such, you know, such indiscretion against the MNLF. They will not be allowed, they go through our checkpoint without proper coordination with the MNLF and then shooting at our own security forces, and then our brothers would not return fire on them. Besides, the MNLF would not know if those on top were Abu Sayyaf members or not. Maybe those were just substitutes. So, we returned fire, and then what happened? At any rate, we are not afraid of those threats. As for those who keep on making those threats, it is better if they should be sport [as heard] and they tell us if they are really brave.

Bangladesh 'Terrorists' Barred From Entry

BK1104060695 Quezon City Radio Filipinas in English 0230 GMT 11 Apr 95

[FBIS Transcribed Text] Immigration authorities barred over the weekend two Bangladeshis from entering the country over suspicion of growing numbers of international terrorists [word indistinct].

Immigration Commissioner Hilario Garcia identified the two suspected terrorists as (Muhamad Asharaq), 39, and (Wigwer Shara), 23, both natives of Bangladesh. (Asharaq) and (Shara) arrived late Saturday night aboard Ethiopian flight from Bangkok, Thailand. [passage indistinct]

Muslim Leaders Promise 'No Terrorism' in Manila

BK1104011895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Apr 95

[FBIS Translated Text] No terrorism will take place in Manila. This was the promise made by Muslim leaders

residing in Manila to Chief Superintendent Hermogenes Ebdane, chief of the Western Police District. The Muslim leaders made this assurance to abate the fears of Christians in Manila. Ebdane said he has already assigned more men to protect the public during the holy week celebrations. They will maintain maximum police strength to keep the holy week peaceful.

House Speaker on Exclusive Economic Zone

BK1004113095 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 10 Apr 95

[FBIS Translated Text] House Speaker Jose De Venecia said today that the 200-mile exclusive economic zone is nonnegotiable. De Venecia's statement was made during the joint hearing of the House Committees on National Defense and Foreign Affairs. De Venecia said the zone was provided for in the United Nations Convention on the Law of the Sea.

China has built structures on some of the islands within the exclusive economic zone, and some are very close to Palawan.

Foreign Affairs Secretary Roberto Romulo, meanwhile, agreed to a statement during the hearing that it is important for the Philippines to assert its claim to some islands in the Spratlys.

Foreign Affairs Undersecretary Rodolfo Severino urged China to sit down and hold a peaceful dialogue with the Philippines.

According to Congressman Jaime Lopez, chairman of the Foreign Affairs Committee, the Philippines has the best claim to the Spratlys.

During the hearing, Defense Secretary Renato De Villa showed a map of the islands claimed by the Philippines and those islands trespassed on by China.

Those attending the hearing have agreed to resolve the issue as soon as possible, but in a peaceful way.

The issue has been submitted by Manila to the ASEAN Regional Forum and to the Non-Aligned Movement.

Romulo also stressed that the country should first know the details of any joint venture agreement before entering into such an accord with China. The joint venture agreement was proposed by House Speaker Jose De Venecia as a way of resolving the Spratlys issue.

Romulo said it is also important to know if entering into an agreement with China on Spratlys resources would be unconstitutional.

Some of the islands claimed by China are within the Philippines' 200-mile exclusive economic zone.

Overseas Contract Workers Remit Over \$3 Billion

BK1104095195 Manila THE MANILA CHRONICLE in English 5 Apr 95 p 9

[FBIS Transcribed Text] The overseas contract workers (OCWs) funneled into the country a total of \$3.008 billion last year.

Preliminary reports from the Bangko Sentral ng Pilipinas [Central Bank of the Philippines] (BSP) showed that the OCWs' remittances increased by 32.14 percent or \$731.7 million from 31 December 1993.

Landbased workers accounted for about \$2.6 billion of the total amount while seabased workers contributed more than \$360 million.

BSP official records revealed that as of November 1994, Americas OCWs contributed \$1.7 billion or 64 percent of the total amount of \$2.7 billion remittances for the same period.

Based on the latest figures from Philippine Overseas Employment Administration (POEA), the number of deployed landbased contract workers in USA, Canada, Guam, and other American countries totalled 12,603 personnel last year.

The Middle East OCWs, who used to remit a large amount of dollars, reported only a total of \$138 million as of November 1994, a decline of 18.02 percent from the same period in 1993.

A big surge was seen in the remittances from OCWs in European countries. From the \$158 million recorded in 1993, total remittances went up to \$237 million as of November last year or an increase of 49.84 percent.

On a country basis, however, OCWs in the United States, Hong Kong, Saudi Arabia, Singapore, and United Kingdom were the top contributors.

Total remittances as of November 1994 were: United States \$1.723 billion, Hong Kong \$177 million, Saudi Arabia \$100 million, Singapore \$90.9 million, and United Kingdom \$78.8 million.

Overseas employment has played an important role in the national economic growth by enhancing the country's foreign exchange reserves. The total remittances of \$3.008 billion as of December 1994 made up more than 40 percent of the country's dollar reserve. And for the past five years, annual contributions of OCWs amounted to an average of \$2.046 billion.

Moreover, the growth of overseas employment over the years made an impact in the country's labor situation by supporting the limited labor absorptive capacity of the domestic economy.

Based on the figures from POEA, the average number (from 1991-1994) of OCWs deployed annually was 79,466 personnel. The number of contract workers sent out in 1994 totalled 719,602. Landbased workers number 565,602 while seabased workers total 154,376.

Saudi Arabia, Hong Kong, and Japan remain the top markets for labor export. Number of landbased workers deployed to these countries in 1994 were: Saudi Arabia 215,361, Hong Kong 62,161 and Japan 54,879.

Thailand

Kuwaiti Prime Minister on Official Visit

Holds Talks With Chuan 10 Apr

BK1104004595 Bangkok Radio Thailand Network in Thai 1200 GMT 10 Apr 95

[FBIS Translated Text] Following an official welcoming ceremony for Crown Prince Shaykh Sa'd al-'Abdallah al-Salim al-Sabah, prime minister of Kuwait, Prime Minister Chuan Likphai and his delegation held talks with the Kuwaiti crown prince and prime minister and his delegation at Government House at 1515 today. The talks took place at Sing Nga-chang Hall.

Prime Minister Chuan Likphai said Thailand and Kuwait have maintained continuous good relations for over 30 years. He noted that this visit is historic because it is the first ever paid to Thailand by a high-level Kuwaiti leader. He also expressed pleasure over the Kuwaiti Government's interest in opening an embassy in Bangkok. He said this will bring about the promotion and strengthening of relations between the two countries.

The Kuwaiti crown prince and prime minister expressed the hope that this visit will lead to the further strengthening of good relations in the political, economic, and social fields. He expressed thanks to the Thai Government and people for their stance in support of the Kuwaiti Government in accordance with the UN resolution concerning the Persian Gulf war. He further expressed the hope that the Thai Government will support the UN Security Council resolutions on other issues in the future.

With regard to trade and investment cooperation, Prime Minister Chuan Likphai invited more Kuwaiti investors to invest in Thailand, particularly in the oil field. He added that even though Kuwait has already invested in the Q-8 gasoline stations in the service field, it is earnestly hoped that Kuwait will invest even more in the oil field in Thailand.

At the same time, Thailand is ready to cooperate in exchanging specialists and providing Kuwait with sugar production technology if the Kuwait Government is interested in setting up white sugar plants to meet the high demand for white sugar in that country. As Thailand ranks fourth among the world's sugar producing and exporting countries, the Thai Government would be pleased to cooperate with Kuwait in making an investment in this field. In this regard, the Kuwaiti crown prince and prime minister showed great interest in the Thai side's proposal on cooperation in such investment.

Prime Minister Hosts Banquet

BK1104031895 Bangkok Radio Thailand Network in Thai 0000 GMT 11 Apr 95

[FBIS Translated Text] Prime Minister Chuan Likphai has said that talks between Thai and Kuwaiti leaders are

very useful. The two countries have a good and steady political understanding and their economic situations complement each other. This will provide opportunities for the two countries to expand bilateral relations and cooperation further.

Prime Minister Chuan said this during a speech delivered at a banquet he hosted in honor of Shaykh Sa'd al-'Abdallah al-Salim al-Sabah, Kuwaiti heir apparent and prime minister, at the Santi Maitri Hall in Government House yesterday evening. The Kuwaiti prime minister is on an official visit to Thailand from 10 to 12 April as a guest of the Thai Government.

The Thai prime minister welcomed the Kuwaiti heir apparent and prime minister and his delegation on his first official visit to Thailand. He said the visit coincides with Thailand's celebration of the 50th anniversary of his majesty the king's ascension to the throne. During this period, the Thai Government and people are loyally organizing royal golden jubilee celebrations to commemorate this especially significant occasion. The visit to Thailand by the Kuwaiti crown prince and prime minister further strengthens the friendly relations between the two royal families.

In part of his speech, the prime minister praised the Kuwaiti people's struggle for freedom and territorial integrity to protect their independence and sovereignty in compliance with the principles of the United Nations Charter, which are also upheld by Thailand. The prime minister confirmed that Thailand still supports all UN efforts to settle regional conflicts through peaceful means and is pleased to see progress in this process. He also praised the Kuwaiti people's efforts to rehabilitate the country and Kuwait's return to an important role in the international arena.

Regarding cooperation between the two governments in Thailand's southern seaboard development project—which would serve as a link between the Indian and Pacific Oceans and is meant to become a petrochemical industrial center—the prime minister noted that cooperation would benefit both countries.

Worker Identifies Iranian Terror Suspect

*BK1104041395 Bangkok BANGKOK POST in English
11 Apr 95 p 6*

[FBIS Transcribed Text] A female construction worker told the South Bangkok Criminal Court yesterday she remembered seeing Hossein Shahriarifar [name as published] at a shophouse believed to have been used to store explosives. The shop was in Sinthani Housing Estate on Sukhaphiban 1 Road, Bang Kapi.

Mrs Wanphen Kaenuan was testifying as a prosecution witness against Shahriarifar, an Iranian who has been charged with conspiracy to commit premeditated murder, robbery leading to the death of others and illegal possession of explosives and firearms in connection with an alleged attempt to blow up the Israeli embassy last

year. Other witnesses earlier identified Shahriarifar as the driver of a truck containing explosives allegedly intended to hit the Israeli embassy. But the truck had an accident with a motorcycle taxi at the Phloenchit intersection in front of Central Department Store's Chitlom Branch, which foiled the original plan.

Mrs Wanphen said she was accompanying her husband Bunrot Kaenkaeo to work at a shophouse in the housing estate and happened to see Shahriarifar in a nearby shop. She said she was hired for 100 baht by Shahriarifar to clean the shophouse.

Mrs Wanphen said she and her husband went to identify Shahriarifar in Songkhla's Hat Yai where he and two other Iranians were arrested in early June last year. The two other Iranians were later released. The next hearing is scheduled for April 24.

Security Agency Chief Denies Aid for Khun Sa

BK0904105495 Bangkok THE SUNDAY POST in English 9 Apr 95 p 2

[FBIS Transcribed Text] Thailand has cooperated well with Burma to help suppress drug warlord Khun Sa by closing its border to prevent foreign forces from fleeing here, National Security Council secretary-general Charan Kunlawanit said.

Gen Charan said Burma should know Thailand has not allowed Khun Sa to use Thai territory as a base to send forces to counter-attack Burmese soldiers as accused by that country's press officials. He also denied Thailand has given refuge to Khun Sa.

Gen Charan insisted Thailand does not want people of other countries to cross into Thai soil and stage political or military moves on Thai territory.

Gen Charan said Thailand considers problems in Burma strictly internal. But Burma's crackdown on Karen people and Khun Sa's Muang Tai Army have affected Thailand since a large number of refugees have escaped fighting along border areas. He said the international community should know Thailand has been exhausted with the burden of taking care of refugees.

Gen Charan said a meeting of security officials on Wednesday resolved to step up protection for Thai people at the border.

The National Security Council would not change its policy on neighbouring countries. He said Burma and Cambodia would continue to face trouble from internal fighting along their borders until governments were strong enough to control the situation completely. Thai people, therefore, must heed warnings of authorities not to enter fighting zones.

Gen Charan said Thailand must be guaranteed border security and mutual interests before five border passes are opened at the request of Cambodia. He said the Thai Government has approved the opening of permanent

border checkpoints at Poi Pet opposite Aranyaprathet District and Khlong Yai District in Trat. However, Cambodia has so far only been able to arrange a customs office only at Poi Pet, according to Gen Charan.

An Ma, Chom and Pra Phalai passes meanwhile, could not be opened until Cambodia could guarantee safety for Thai people, he said.

Editorials Discuss Thai-Burmese Relations

BK1104072095

[FBIS Editorial Report] Two vernacular dailies—THAI RAT and SIAM POST—on 10 April carry editorials commenting on Thailand's policy toward Burma and the ongoing stale relations between the two countries.

Bangkok THAI RAT in Thai carries a 350-word editorial, on page 3, entitled: "Review Relations With Burma." It says: "The good relations between Thailand and Burma have turned sour since the Burmese Government troops opened massive suppression drives against ethnics groups starting with the capture of the two major camps of the Karen National Union which sent thousands of Karen refugees into Thailand.

"During several suppression operations, artillery shells fired by Burmese Government troops landed on Thai soil and damaged houses of the Thai border dwellers, who were forced to leave their villages for safety. In this regard, Prime Minister Chuan Likphai has expressed his concerned over the unwarranted actions by Burmese troops.

"The situation further was aggravated when the Burmese troops shot dead a Thai national while the latter was returning from Burma's Tachilek border town, opposite Mae Sai District of Chiang Rai Province. The Burmese troops mistook the toy gun in the hands of the deceased. This is an example of the unwarranted behavior by Burmese troops.

"Since the improvement of Sino-Burmese relations, the Burmese Government has purchased large quantities of weapons from China to strengthen its Armed Forces before launching suppression operations against the minority groups causing difficulties and hardships for the people living in the Thai border areas. However, the Thai side has been patient for the sake of good relations between the two countries and humanitarianism.

"The Thai Government has been playing the leading role within ASEAN to implement the 'constructive engagement' policy with Burma to save that country from isolation and the boycott imposed by the United States and other western nations. Because of the policy, Burma is able to maintain trade and investment relations with many countries.

"Aggressiveness is the award the Thai side gets from the Burmese troops. Deputy Foreign Minister Surin Phitsuwon, who always defends the constructive engagement policy, said he was disappointed with the attitude of the

Burmese Government. Is it now time for the Thai Government to revise relations with the dictatorial Burmese regime?"

Bangkok SIAM POST in Thai carries a 300-word editorial, on page 4, entitled: "Thailand Protests Against Burma." It recalls the incident during which Burmese troops brutally shot dead Thawi Kankao, native of Chiang Rai Province, early this month and says that the action taken by the Burmese troops was unjustifiable.

The editorial says: "The Thai Government is considering a protest against the Burmese side. However, the mishap must also be attributed to the Chiang Rai provincial administration and agencies concerned because they have failed to work out necessary measures to ensure the safety of the people living in the areas bordering the neighboring country, where heavy fighting is still going on.

"Thailand and Burma share a long common border and have long maintained friendly relations. Despite the misunderstanding and mutual suspicion caused by the Burmese students and minority groups who are now taking refuge in Thailand, the two countries so far have been getting along well.

"Because Thawi was insane, the Burmese troops' shooting was unjustifiable. The Burmese Government must be held responsible for his death."

Prime Minister on Fiscal, Monetary Policies

*BK1104054495 Bangkok BANGKOK POST in English
11 Apr 95 p 15*

[FBIS Transcribed Excerpt] Prime Minister Chuan Likphai believes that Thailand can compete in the international markets due to its sensible fiscal and monetary policies.

He stressed that efficiency was the key component in boosting the country's position in the world community and that the Finance Ministry's Financial Master Plan would propel Thailand to become a financial hub in this region.

Mr Chuan delivered his keynote speech yesterday while presiding over the celebration of the Finance Ministry's 120th anniversary at the Queen Sirikit National Convention Centre.

In his speech, Mr Chuan said countries throughout the world were competing in the open markets. With modern telecommunication facilities, people can conduct business globally without any delay. Therefore, international competition is getting fiercer. To survive in such an environment, countries have to speed up their efficiency, production and management.

The Finance Ministry and other organisations have prepared the Financial Master Plan to equip Thai financial institutions with the capability to compete in the international arena, according to Mr Chuan.

The Financial Master Plan endorsed last year supports the Government's policy on spreading the development to rural areas.

The establishment of the Central Provident Fund for government officials is another way of improving the efficiency of the bureaucratic system and boosting the country's savings, Mr Chuan said.

He noted that the Finance Ministry also worked closely with other government organisations to encourage private firms to improve their human resources by providing fringe benefits including educational loans for their employees.

The Finance Ministry has a long history. It has been remarkably successful in maintaining a stable economy. It has continuously run a surplus on the balance of payments for seven consecutive years.

The surplus has raised the country's credibility among foreign investors. The economic stability has enabled the Government to extensively apply new fiscal instruments to develop Thailand's economy.

For example, the adjustment of the tax structure has contributed to industrial development and enhanced Thailand's capacity to compete in the global markets.

Tax restructure has been implemented to help develop the country to become the regional financial hub.

The Finance Ministry has also launched a fiscal policy to support decentralisation.

The ministry has continuously developed its organisation and human resources. It has applied computer systems to improving tax collection and introduced electronic data interchange to speed up the customs procedures.

Finance Minister Tharin Nimmanhemmin said the ministry had to take an offensive role to support the country to compete in the international community.

In order to take on the offensive stance, the Finance Ministry has to expand its roles on trade and finance, maintain economic stability, support regional development, develop the country's human resources and increase its own working efficiency.

In the past, the ministry had endorsed several measures including import tariff reduction from 100 percent for certain items to an average 30 percent and simplifying the tariff structure. The ministry also subscribes to be a member of the World Trade Organisation and ASEAN Free Trade Area.

It has speeded up tax refunds under Article 19 bis, accelerated value-added tax refunds to 30 days from 45 days previously and established the Export and Import Bank. These measures are aimed at fostering international trade.

Moreover, the Bank of Thailand and other government agencies are developing the country's Financial Master Plan to ensure that the money and capital markets progress at a stable pace.

Mr Tharin said the Finance Ministry had pursued strict financial disciplines. It tries to increase the country's savings, become less dependent on foreign loans, minimise exposure to currency fluctuations and undertake swaps to hedge against foreign-exchange losses. [passage omitted—history of Finance Ministry and activities to mark anniversary]

Minister Affirms Commitment to Balanced Budget

*BK1104033595 Bangkok THE NATION in English
11 Apr 95 p B:2*

[Report by Surachai Chupaka]

[FBIS Transcribed Text] Finance Minister Tharin Nimmanhemmin yesterday reaffirmed the government's commitment to balance the budget annually and expressed confidence that Thailand would be able to ride out the currency storm.

Speaking on the Finance Ministry's 120th anniversary, the minister said the government is committed to introducing new methods to promote savings, seen as another long term mode to shelter the economy from global financial turbulence.

His statement is also aimed at reassuring foreign bankers and investors of Thailand's continuing fiscal discipline.

Tharin admitted that as an opened economy Thailand cannot avoid global financial impacts as the country still has to rely on foreign capital inflows to bridge the savings gap.

"So we can only be strong if we can mobilize domestic savings to meet investment demand. This is a priority of the Finance Ministry," Tharin said.

To encourage greater savings, Tharin said the Finance Ministry will continue using its balanced budget policy and increase its investment budget to help reduce foreign loans.

"If we run a budget deficit we have to borrow money from abroad for investing, but if the ministry can keep its budget balanced foreign loans will be distributed to the private sector which can use the money wisely," he said.

He said the ministry will encourage people to save their money in life insurance policies by allowing insurance premiums to be counted as expenses for tax purposes. The ministry, he said, will also encourage the establishment of commercial bank branches in the provinces to increase savings.

In terms of the capital market, the major savings pool, Tharin said the Finance Ministry will speed up its plan to establish a secondary market for debt instruments.

The ministry has also told the Securities Exchange Commission (SEC) to adjust some regulations in the stock market to generate a more attractive bourse for institutional investors.

The SEC, he added, will improve regulations concerning information disclosure and brokerage firms' codes of conduct to create fair trading.

Tharin said the Finance Ministry also plans to release new credit card regulations and a law to manage assets.

Tharin said the ministry has implemented a central provident fund and a pension fund and has encouraged civil servants to become members in order to mobilize savings.

Private companies are being encouraged to set up pension funds as another source of savings, he said.

Tharin also disclosed further policies to lead the economy into the next decade.

Aside from continuing to support the expanding Thai economy the ministry will ensure its stability. It will support income distribution policies for rural areas, help develop human resources and increase the efficiency of the Finance Ministry.

Tharin said some of these policies have already been implemented. Since the beginning of 1995 the Ministry has reduced tariffs to cope with the more liberalized trade.

"This is not merely to cut manufacturers' production costs but also to increase competitiveness and to respond to international trade agreements," he said.

On financial markets the Finance Ministry released its Financial Master Plan in February, 1995. The liberalization policy should take shape by the middle of next year when five to ten new bank offices under the Bangkok International Banking Facility (BIBF), as well as new commercial banks, will be introduced to the public, he said.

Finance Minister Tharin also said his ministry plans to support the linkage of financial markets between the six Asean countries. Tharin said there is an attempt to amalgamate the six markets into one within ten years. The issue will be raised in the upcoming Asean Free Trade Area (Afta) Council Meeting in Phuket at the end of this month, he said.

Bank Governor: Exports Unaffected by Low Dollar

*BK1104094895 Bangkok BUSINESS DAY in English
11 Apr 95 p 1*

[FBIS Transcribed Text] The Bank of Thailand believes that the US dollar will fall further because of the mammoth US current account deficit and the likelihood that President Clinton's proposed tax hikes and spending cuts will not be passed by Congress. But Bank of Thailand Governor Wichit Suphinit gave reassurance that the

falling dollar will not affect Thai exports, because dollar revenue earned from exports will be converted into the appreciating yen and mark. And if the export revenue is converted into baht, the revenue will remain unchanged, Mr Wichit said.

Even though the dollar has depreciated by 2 percent against the baht since the beginning of the year, and the central bank yesterday injected 10 billion baht into the financial system, the Foreign Exchange Equalization Fund has shown no sign of unusual movement.

Mr Wichit also revealed that there is a lot of foreign capital flowing into Thailand because of high interest rates on offer.

A central bank source said Thai goods will have to try to find new markets in Asia, because of growing protectionism in Europe and America. He added that the weakening dollar will not affect Thai exports, but will affect revenue.

Dollar's Decline Seen as Deliberate U.S. Policy

*BK1004092695 Bangkok THAILAND TIMES in
English 10 Apr 95 p A4*

[Editorial: "Dollar's Decline Will Destabilize Asian Economies"]

[FBIS Transcribed Text] The dramatic decline in the exchange value of the dollar against the Japanese yen over the past few weeks and its record nosedive Thursday are probably not just due to one factor but to a sequence of circumstances. At the same time, it is apparent that this is a dollar problem and not a yen one.

From a global point of view, obviously the uncertainty over the Mexican peso and how the United States plans to play its role in bailing out Mexico is one of the factors. The collapse of Barings Plc has also contributed somewhat to international currency jitters.

An immediate cause for the dollar's drop to below the previous record of 85.55 yen set only on Tuesday last, to 85.15 yen, may have been comments made by Federal Reserve Board Governor John LaWare. In a recent press interview, he was quoted as saying that "a weak dollar will be offset by higher US productivity and as such, the Fed isn't worried about the inflationary pressure of a weaker dollar."

While some simply viewed this as a statement of macro-economic reality, LaWare's words—taken along with the general lack of confidence in the US government plus the constant reading of green leaves by speculators—are a recipe for substantial monetary disequilibrium.

In a rescue operation, Japan and a reluctant Germany joined the US to buy the US currency to support the dollar amid the heavy criticism the currency suffers because of US neglect. It is no secret, however, that the trend towards taking the dollar apart started with

research conducted at the International Economic Institute in Washington over a decade ago. Experts at the institute then argued that a substantial strengthening of the yen would make Japanese exports more expensive and foreign imports cheaper in the US, thus cutting into the trade deficit. This is in essence the so-called "J-Curve." The Plaza Accord in 1985, aimed at bringing down the value of the dollar against the yen and the German mark, was the policy outcome of that research.

The "dollar economic diplomacy" failed to achieve what it was supposed to do, namely cutting into the trade deficit which is now hovering near an all-time high, because the Japanese economy simply does not function the same way the American economists think and the way their economy does.

There are other negative international effects and fallout hurting developing countries, especially the members of ASEAN. Japan's foreign-aid program, for example, has ceased to be an aid program. Instead, it is a "debt-creator" program.

If Tokyo expends on average US\$11-12 billion per annum in aid to developing nations, of which 60 percent are yen loans, the cost of paying the loans back becomes extremely high. This could take away the niche of Asian economic growth by impeding exports and the high cost of capital. The encouragement of dollar decline is another US gimmick to take the edge off Asian and ASEAN products and development programs and hurt their economies.

For Japanese companies, each decline of the dollar says that this is the limit and yet somehow they have been able to muddle through without slashing prices or laying off people. Instead, they have taken advantage of the exchange rate while publicly showing concern, a rather traditional Japanese response. But it is probably safe to say a Japanese firm's ability to contend with the rapid rise of the yen relates to how many products and purchases they have made abroad. While companies are grumbling, certainly traveling consumers or tourists are not. To them it is a boom. The current exchange rates represent a windfall for those who journey overseas with yen in their pockets.

Nonetheless, from a broader standpoint, rapidly shifting exchange rate values must be viewed by all as a destabilizing situation created by the US to keep Asian economic growth on par with its own mismanaged economy.

Officials on Amendment to Alien Business Law

BK1104004195 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 10 Apr 95

[FBIS Translated Text] Akkharaphon Sorasuchat, spokesman for the Prime Minister's Office, told reporters about the outcome of today's meeting of the Council of Economic Ministers. The meeting agreed to a

suggestion by the Joint Public-Private Sectors Committee on the issuance of a white paper outlining strategies for economic competition with foreign countries. The committee recommended that both the state and private sectors realign their relevant policies in the same direction.

The meeting also agreed with the amendment of Revolutionary Council Announcement No. 281 governing alien investment businesses in the country. The draft bill amending the announcement will be submitted to the Cabinet for consideration before it is forwarded to the Office of the Judicial Council in preparation for presentation to the House of Representatives.

Surakiat Sathianthai, in his capacity as chairman of the Alien Business Law Drafting Committee, said the draft bill is divided into two categories of businesses. The first category covers businesses reserved for Thai nationals and the second category covers businesses that will be given temporary protection for two years but will be liberalized in the future. Aliens can apply for permission from the director general of the Trade Department to operate such businesses. The meeting also revised the definition of an alien juristic entity. Approval from the commerce minister is required for foreigners to command more than half of the voting rights of a company.

Further on Amendment

BK1104033195 Bangkok THE NATION in English 11 Apr 95 p B1

[Report by Watsana Khomphira]

[FBIS Transcribed Text] The Council of Economic Ministers yesterday approved an amended bill to replace the existing foreign business law. If approved by Parliament the new act will ease restrictions on foreign businesses in Thailand.

Apart from the derivatives market, the draft revision also established special business categories—Annex 1, sectors which will not open to foreigners; and Annex 2, sectors which will be opened to foreigners two years after the law has taken effect.

If passed by the House of Representatives, the law will allow foreigners to participate in many key service sectors such as architecture, law and accounting, which are currently available only to Thai nationals.

It will replace Revolutionary Council Announcement number 281 which categorized business sectors into three groups with varying degrees of restrictions.

According to a government spokesman, Akkharaphon Sorasuchat, the bill will shortly be screened by the Juridical Council. It is the first piece of Thai legislation which will accommodate public hearings for those whose businesses could be adversely affected by foreign competition.

If complaints are filed with the government an investigative committee will look into the cases. The committee will be chaired by an official at the permanent secretary level.

Once the public hearing process is organized, the government may decide to extend the protection on particular sectors for a two-year period.

Special protection periods could possibly be extended for another two years if the public hearing process came up twice, Akkharaphon said. However protection periods should not last more than five years because the next round of multilateral trade talks is expected to convene five years after the last round of General Agreement on Tariffs and Trade (GATT) talks, which were officially concluded last year.

Another new element in the bill is a provision concerning shareholders' voting rights. The current Alien Business Law restricts the shareholding and management rights of foreigners, but leaves a loophole which allows foreigners to exercise majority voting control even though their shareholding structure is limited.

Akkharaphon said that under the new law foreigners will not be allowed to exercise more than half the voting rights in any company.

The Council of Economic Ministers has assigned staff from the Finance Ministry and the Bank of Thailand to the draft committee because the law will also involve new financial products such as futures, options and derivatives.

The existing financial law has failed to include the new financial instruments because they were not in existence when the law was enacted.

Dr Surakiat Sathianthai, head of the draft working committee, said penalties under the new law will increase from Bt [baht] 30,000-Bt500,000 to Bt50,000-Bt5 million.

The penalty is applicable to foreigners who break Thai laws as well as Thai nationals who hold shares on behalf of foreigners.

The Chuan administration gave approval to amend the Alien Business Law on April 26, 1994.

Export Requirement for Foreign Companies Eased
BK1004034995 Bangkok BANGKOK POST in English
10 Apr 95 p 19

[Report by Chatrudi Thepharat]

[FBIS Transcribed Text] The Board of Investment [BoI] has decided to allow most of the foreign-owned ventures that have obtained its approval to sell more of their products in the country, in line with the spirit of the General Agreement on Tariffs and Trade. And while local competitors might object, the BoI says it is just

trying to help Thai companies adjust to the inevitability of more open markets under freer global trade.

Normally, foreign-owned ventures must export 80 percent of their output. Now they will be able to sell up to 100 percent of their output in Thailand if they choose. However, the rule will not be relaxed for all projects, but on selected ones with priority given to companies that produce raw materials for supporting industries.

The 80 percent rule, originally implemented to protect Thai-owned industries, will not stand up to scrutiny under GATT within five years.

Chakkramon Phasukawanit, the BoI's assistant secretary-general, noted that certain products destined for the domestic market were not always of sufficient quality. Consumers inevitably resort to imports in spite of their relatively higher cost.

The idea of changing the 80 percent rule first came up during the Anan Panyarachun government. Though most BoI directors agreed with it in principle at the time, they felt it should not be implemented immediately because some industries needed more time and protection.

Mr Chakkramon said the ventures eligible for relaxation of the rule were companies whose products were not yet being produced by Thai-owned companies. These include certain automobile and electronic parts, projects that want to relocate their bases from Zone 1 to Zone 2 or 3, and supporting industries such as tooling, cutting, grinding, surface treatment, heat treatment and engineering plastics.

"So far, five projects that have relocated facilities from Zone 1 to Zone 2 and Zone 3 enjoy the relaxation."

Mr Chakkramon said the compulsory export requirement for all projects located in Zone 3 would be scrapped as the next step for the BoI to lure investors to more remote areas.

Chokchai Aksoranan, chairman of the Federation of Thai Industries, had earlier expressed concern that relaxing the rule would hurt industries that are selling their goods in the domestic market. He suggested that a study be conducted first so that local investors could get used to the idea gradually.

Mr Chakkramon views that as unnecessary, because it is clear that the 80 percent compulsory export requirement would be no longer valid once GATT free trade rules take effect.

"Starting the relaxation now will help industrialists become familiar with the new environment," he said. "On the contrary, they will suffer if the relaxation is immediately introduced in conjunction with the GATT regulations (in five years)."

He believes the relaxation will not affect local industries because most foreign-owned ventures are involved in high technology.

Minister Previews Government Expenditure Budget

*BK1004053295 Bangkok BUSINESS DAY in English
10 Apr 95 p 1*

[FBIS Transcribed Text] The 1996 Government Expenditure Budget has been set at 832 billion baht, an increase of 37 percent over that of the previous fiscal year's figure of 625 billion baht, with the largest allocations going to the University Affairs Bureau and the Education Ministry, according to Finance Minister Tharin Nimmanhemmin.

In an interview yesterday in the southern province of Krabi, Mr Tharin said details of the 1996 budget will be presented to the Cabinet in its weekly meeting tomorrow.

The minister said the high allocation for education was due to the recently approved 23 billion baht Education Fund which aims to encourage potential students to further their education to university level, and to encourage more private sector participation in education.

The fund will make Thailand the first country in Southeast Asia to provide wider educational opportunities to its youngsters, he said.

Asked about the budget earmarked to each Member of Parliament to carry out constituency development programs, Mr Tharin said he expected individual allocations to be cut back substantially as they would overlap October's sub-district admin budgets.

Goal of Becoming Regional Financial Center Viewed

*BK1004091595 Bangkok BUSINESS DAY in English
10 Apr 95 p F1*

[Report by Roy H. Reynolds]

[FBIS Transcribed Text] The Governor of the Bank of Thailand [BOT] has said he will continue to promote the Kingdom as a regional financial center in Indochina, in spite of the risks of participating in fickle international markets.

Governor Wichit Suphinit also believes that the baht must increasingly be used as a regional currency in order to facilitate this trend. "The use of the baht as a regional currency should be developed in a natural manner consistent with the growth of regional trade and investment. The Bank of Thailand does not explicitly advocate the use of the baht as a regional currency, but would not mind allowing the baht to be used in the interim period to facilitate regional trade and investment until national currencies of our neighboring countries strengthen and gain wider acceptance."

BOT has undertaken a number of measures to facilitate the use of the baht. It has increased the limit on baht that can be taken out to neighboring countries, including

Vietnam, from 100,000 baht to 500,000 baht. It has encouraged banks to open branches in the Indochinese countries. BOT expects these policies to expand trade and investment and reduce the costs of international trade for Thai businesses.

Many steps have already been taken towards this goal, says Mr Wichit. These measures include: relaxation of foreign exchange controls; development of international payment and clearing networks; encouragement of Thai commercial banks to open branches in the Indochinese countries, measures to raise the efficiency of commercial banking operations; expansion of financial institutions' scope of activities; and establishment of Bangkok International Banking Facilities to promote Thailand as a center for transmitting funds from international financial markets to the Indochina region.

Thailand has also established an assistance fund for the development of Indochina and is establishing subregional economic co-operation, such as the Southern Growth Triangle bringing together Thailand, Indonesia and Malaysia, and the Greater Mekong Subregional Co-operation among Cambodia, China, Laos, Myanmar [Burma], Vietnam and Thailand.

New organizations such as the Export-Import Bank of Thailand have been established to facilitate trade with the Indochinese countries and Thailand is also working to improve infrastructure in areas such as telecommunications, where it has launched the ThaiCom satellite. Thai authorities have encouraged Thai banks to seek a commercial presence in Vietnam to develop and deepen the banking system. The SET [Stock Exchange of Thailand] has been assisting Vietnam in developing its stock market.

Mr Wichit believes that this regional outlook will not threaten capital availability within Thailand: "With regard to the outlook for the region and its impact on the availability of capital within Thailand, I do not think that these would pose a problem, in view of Thailand's strong fundamentals and efficiency of the financial system in playing an intermediary role in mobilizing international capital to the region. With the increased demand for capital and rising worldwide interest rate trend, fast growing economies with strong fundamentals should not have difficulty in attracting capital."

Mr Wichit is aware of the risks associated with international capital financing. He distinguishes between the situation in Thailand and that in Mexico, where a flight of speculative international capital sent the economy into a tailspin. Thailand has a higher ratio of savings to gross domestic product, due in part to stringent fiscal discipline. Investment quality remains higher, particularly in recent years and Thailand has higher export growth and lower inflation.

Mr Wichit draws the following conclusions from the crisis in Mexico: "The foremost importance of maintaining cautious financial policy is to sustain economic

growth with stability so as to maintain investor confidence. Important in this respect are the evolution of the current account deficit, the quality of its financing and the debt profile. Financial markets are closely linked throughout the work, hence one must be fully prepared for a disruption in investor confidence caused by factors beyond our control."

Vietnam

Do Muoi Leaves for Visits to ROK, Japan

BK1104095295 Hanoi VNA in English 0635 GMT
11 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 11—General Secretary of the Communist Party of Vietnam Do Muoi left here this morning for official visits to the Republic of Korea (ROK) and Japan.

The April 12-15 visit to the ROK is made at the invitations of state president and president of the Democratic Liberal Party (DLP) Kim Yong-sam and the ROK Government, and the visit to Japan from April 17-21, by the Japanese Government.

The party leader is accompanied by Nguyen Manh Cam, Politburo member of the CPVCC [Communist Party of Vietnam Central Committee] and foreign minister, Hong Ha, secretary and head of the external relations commission of the CPVCC, Tran Duc Luong, member of the CPVCC and member of the National Assembly's Standing Committee, Le Van Triet, member of CPVCC and minister of CPVCC and minister of trade, and other.

Commentary Reviews Dispute Over Spratlys

BK1004143395 Hanoi Voice of Vietnam in English
1000 GMT 10 Apr 95

[Station commentary]

[FBIS Transcribed Text] During a reception given to the outgoing Chinese ambassador to the Philippines, Filipino President Fidel Ramos asked the former to convey to Chinese leaders the concern of the Philippine Government over recent Chinese activities in Truong Sa or Spratly Archipelago. Our radio has this to say:

The situation in Truong Sa Archipelago has become more complicated due to the activities of Taiwan and China, causing concern among regional and other countries. Sources from the Philippines said China had constructed a base for naval forces at [name indistinct] Island, which is called "Meisi" by China and "Mischief Reef" by the Philippines. China said the construction of the structure was not of a military purpose and had been decided upon by low-level authorities. The Philippine president said it did not look like a temporary shelter for fishermen as described by China but more like a modern military project. The Hong Kong newspaper THE STANDARD [words indistinct] also reported China was

getting closer to occupying Truong Sa Archipelago and the construction of the base served its military purposes.

Meanwhile, Taiwan is building a structure at Banchan, another island of Truong Sa Archipelago. It opened fire at a Vietnamese ship in the area. In a recent statement, a Vietnamese spokesperson said the action was a violation of Vietnamese sovereignty over the archipelago and demanded that Taiwan withdraw all its forces, equipment, and facilities from (Banchan) and stop all armed activities there.

To settle their dispute in the Eastern Sea, Vietnam and China and the Philippines and China have held separate bilateral talks. The meeting at the deputy foreign ministerial level was convened in Hangzhou in China for the Philippines to express concern over the developments. A meeting of ASEAN member countries adopted a unanimous stance to solve the dispute through peaceful negotiations. The ASEAN countries supported a statement from Manila calling for a peaceful solution to the dispute in the Eastern Sea. The Vietnamese spokesman shared the concern and affirmed Vietnam's sovereignty over Hoang Sa [Paracel] and Truong Sa Archipelagoes.

Vietnam said that peaceful negotiations and stability based on the status quo were correct measures and also a temporary way to save the Eastern Sea from becoming a battlefield.

Governor Cao Sy Kiem Discusses Banking Reform

BK0804091395 Hanoi NHAN DAN in Vietnamese
24 Mar 95 pp 1, 3

[Interview with Vietnam State Bank Governor Cao Sy Kiem by an unidentified NHAN DAN reporter—place and date not given]

[FBIS Translated Text] [NHAN DAN] Since the banking system has been reorganized into two channels to shift to a market economy, could you tell NHAN DAN's readers about the functions and duties of these two channels?

[Cao Sy Kiem] Along with shifting the national economy from centralized planning to the market system under state control in the direction of socialism, banking operations have been reorganized from its previous one-channel system into the present two-channel system made up of the state bank, which serves as a central bank, and the channel of state-run commercial banks. In addition, a series of share-holding commercial banks, banks established in joint venture with foreign countries, foreign bank subsidiaries operating in Vietnam, credit cooperatives, and financial companies are also taking shape.

As an establishment of the government, the state bank must carry out its state management functions over monetary, credit, and banking operations of the entire country with the aim of stabilizing the value of our currency. The state bank is the bank of various banks and is the only organ that is authorized to release banknotes and coins. With these functions, the state

bank carries out planning for and enforces various monetary policies to create favorable conditions for multisectoral economic development in line with the policy to renovate the economic structure and the production and business managing mechanisms of the party and the state while ensuring the legitimate interests of various organizations and individuals.

State-run commercial banks have been separated from the one-channel banking system. They are allowed to be self-governed, are responsible for their own monetary business operations, and will contribute to spurring national economic development together with other local and foreign credit organizations. Their main and regular operations consist of mobilizing to the fullest all sources of capital in society to meet demands for capital, to deploy their debt-liquidation tools, and to perform their discount service-related tasks.

[NHAN DAN] The state bank is a center and a link between various socioeconomic activities. This is especially true to and very important for the commodity-based economy. Could you, comrade, speak of new changes in the establishment and perfection of the state managing mechanism as well as in the monetary and credit business systems.

[Cao Sy Kiem] Since the promulgation of the two laws on banking operations, the state bank has issued a series of guidelines for the implementation of legal stipulations in banking operations. This is to create favorable conditions for credit organizations to operate and compete with one another in a wholesome fashion. The most fundamental thing in the establishment and perfection of various managing systems and rules is that the central bank has shifted from direct to indirect management, using its macro management tools to help credit organizations expand their business operations while still being able to retain inflation at a acceptable rate. This enables production to flourish.

The state bank has constantly refined and renovated its management tools in order to ensure satisfactory enforcement of various monetary policies. It has introduced and applied a host of advanced banking technologies suitable to Vietnam's conditions and situations; it has modernized and introduced modern technologies in banking operations in the advance toward blending itself with the main stream of other banks in the region and the world community. Apart from stepping up its long-standing traditional services—such as mobilizing capital from the sources of savings accounts, promissory notes, direct loans, and via-bank financial settlement—commercial banks also are permitted to carry out new forms of business services. For instance, they are allowed to organize investment and credit funds, rent and purchase services, and subsidiary companies. The state bank will deploy a series of new capital-mobilizing tools to mobilize to the fullest various sources of capital available in society and step up efforts to offer medium- and

long-term loans. Policies on bank interest and on exchange rates have been readjusted reasonably in line with changes in the market.

[NHAN DAN] Some people are of the view that certain monetary and credit managing mechanisms are not practical in real life. Do you, comrade, have any comments on this matter?

[Cao Sy Kiem] In the process of renovating banking operations under the macro-state management system in the direction of the market economy, we have concentrated on renovating and gradually readjusting our systems and policies in accordance with changes in the market and in conformity with Vietnam's economic conditions and situations. Although those systems already introduced are appropriate, they still have certain points which are not practical or not suitable to real life because we do not have necessary conditions to apply them.

[NHAN DAN] What is the countermeasures to be taken by the bank to achieve the two major goals of renovating administrative procedures to create favorable conditions and reduce inconveniences for customers, and of helping fight corruption and prevent negative phenomena?

[Cao Sy Kiem] In compliance with Ordinance No. 38 of the government and Directive No. 143/TTG of the prime minister, the state bank has set up a steering committee for administrative reform with the deputy director-general as its head. We have set up targets and classified our documents as follows:

- those documents under the banking area that must be revised immediately;
- those documents of the state and of various relevant ministries and sectors that must be proposed for revision.

These documents are also divided into two categories with one category dealing with the internal operating management of the banking sector and the other with the customer service system. Specific attention has been paid to eliminating inconveniences, adopting civilized methods in public relations, and fixing the amount of time needed to handle a customers' request—the faster the better—and regarding this as a standard for rating and categorizing the performance of the bank.

As for the internal operating management of the bank, we have reexamined, revised, and issued various documents that set up rules for coordinating activities, for delineating duties, and for delegating powers in the management of financial expenditures. We have strictly complied with the system of disseminating reports and have attached great importance to inspection and control work in order to prevent negative phenomena.

All the bank's intensive and extensive reform activities must be deployed rapidly with realistic results to generate a collective strength to spur economic development.

[NHAN DAN] Thank you, comrade bank governor.

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